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SAN FRANCISCO PORT COMMISSION

Minutes

REGULAR MEETING

January 11, 1978

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COMMISSIONERS PRESENT:

James J. Rudden, President

Harry Bridges

Richard N. Goldman

Jack Morrison

COMMISSIONERS ABSENT:

Alan E. Rothenberg

ALSO PRESENT:

Edward L. David

Julius E. Herren

James E. Huntsman

Thomas Soules

Anthony J. Taormina

Harry J. Thiemann

C. L. Vickers, Jr.

William Lynch, Esq., Deputy City Attorney

William J. Murphy, Esq., representing Mr. Soules

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P R O C E E D I N G S

PRESIDENT RUDDEN: Will the meeting come to order, please?

Before moving into the agenda today, I would like to take this opportunity to welcome our new City Attorney, George Agnost.

George is really not new. He has been around the City Attorney's office doing a great job over many, many years. We all look forward to seeing the same type of effort, plus, in the ensuing years.

I am sure I speak for the Commission, George, when I say we wish you well. We will do everything we can to assist you, and we expect your assistance in return.

At any rate, thanks for coming down. We are very pleased. Good luck to you in the future.

MR. GEORGE AGNOST: Thank you. Thank you, Mr. President and commissioners, Mr. David, Mr. Soules.

My purpose in coming here this morning was to introduce the new attorney for the Port, Mr. William Lynch.

I hope that this inaugurates a new era for relationships between the Port and our office. It is my sincere endeavor and intent to insure in every way possible that the Port conducts its business in a legal, effective fashion.

Mr. Lynch has explicit instructions from me to render every legal service possible to this Port and to this Commission, and to insure that it does its work in an effective manner. He will have backup from our office at City Hall

to any extent needed to insure that he is effective.

I would like the Commission to consider that we need to review our leasing program, review our leases, review our accounts receivable, to the end of putting these on a very businesslike, legal fashion.

I think the Commission should, in due course, with the help of Mr. Lynch, have form leases prepared which are in every respect a modern lease modeled on the concepts of property management current today, with accepted practices, both accounting and legal, to insure that the Port gets everything that it is due for the use of its property.

I can't emphasize too much the fact that my door is open to the entire Commission, and any time that our office can assist in furthering the work of the Commission and making Mr. Lynch's job more effective.

I would want to say I have given you one of our best deputies. He hasn't been with us too long, only three and a half years. In that three and a half years he has demonstrated a tremendous competence and a great dedication in his work, and will work very hard and very long for this Commission, for this Port, and for our City.

With that, I want to thank you, and wish you well.

PRESIDENT RUDDEN: Thank you very much.

MR. LYNCH: Thank you, sir.

MR. HUNTSMAN: Item No. 2, approval of the minutes of the December 28, 1977 meeting. Request your approval.

COMMISSIONER MORRISON: So move.

Commissioner goldman: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rudden - aye; Commissioner Rothenberg - absent.)

MR. HUNTSMAN: Item No. 3, report by the Port Director.

MR. SOULES: Mr. Huntsman, in view of my enforced absence, and in view of the letter I have given the President of the Port Commission stating the legal ramifications of this situation, where their action dismissing me is null and void, I am not fully prepared, under the circumstances, to give a report, and I think it would be well if the Deputy Port Director, Mr. David, would carry on with his report at this time.

COMMISSIONER GOLDMAN: Mr. Chairman, may we hear from the Acting Port Director, please?

MR. DAVID: The only thing I have to report is a request of Alan Rothenberg that you put over Item No. 8, the Harbor Tours lease for Pier 41, until your next regular meeting, which he plans to attend, and would ask that that be put over.

The second thing is that I would like to remind you that we have a budget session with the Commission at 10:00 o'clock this Friday morning.

COMMISSIONER BRIDGES: That is this Friday?

MR. DAVID: Friday, the tenth.

COMMISSIONER BRIDGES: We already said that on the agenda, didn't we? We agreed on that last qeek.

MR. DAVID: You will not be here, and Mr. Rothenberg will not be here. However, we are merely going to present you

with the budget, and ask your approval of the budget at the meeting of January 25, so I don't know that we would need a quorum for this budget hearing.

MR. LYNCH: It is my understanding you need a quorum for any hearing, but I believe three out of five would constitute a quorum.

COMMISSIONER MORRIOSN: Let's try.

PRESIDENT RUDDEN: Let's try. Let's move on.

MR. HUNTSMAN: Item No. 4, a report from the Bureau Chief, Finance and Administration. Mr. Herren?

MR. HERREN: Progress report on the annual audit by Touche Ross, Mr. President.

We should have a date the latter part of this week for a date that we can have a meeting with the committee of the Port Commission. That would be Mr. Rudden and Mr. Morrison. I will let you know as soon as we have that date.

PRESIDENT RUDDEN: Is that all?

MR. HERREN: Yes.

MR. HUNTSMAN: Item No. 5 is our consent calendar.

We have 5.a, Contract No. 2466, the Ferry Plaza power supply by the Electrical Construction and Sales Company. We request your acceptance of the work, approval of a time extension, and authorization to make final payment. The backup material is in your packet.

Item 5.b is an amendment to the Conflict of Interest Code. The text is in your packet.

May we have your approval?

COMMISSIOENR MORRISON: So move.

COMMISSIONER GOLDMAN: Second.

(The motion carried unanimously: Commissioners Bridges, Goldman, Morrison and Rudden - aye; Commissioner Rothenberg - absent.)

MR. HUNTSMAN: Item No. 6 is a report by Mario Ciami on Phase I of Standard Agreement Not. 1087. This phase includes survey of various regulatory or advisory agencies having jurisdiction with respect to the Ferry Building development, and a graphic portrayal or written description necessary to provide the Commission with an insight to the Ferry Building appearance, with incorporation of any changes thought to be desirable by surveyed agencies, and advising the Commission of any irreconcilable conflicts between these agencies.

Would the Commissionerskindly move to the chairs?

COMMISSIONER GOLDMAN: Would you repeat those conditions?

MR. HUNTSMAN: Those two conditions? Yes, sir.

Phase I includes a survey of various regulatory or advisory agencies having jurisdiction with repsect to the Ferry Building development; b, graphic portrayals or written descriptions necessary to provide the Commission with an insight to the Ferry Building appearance, with incorporation of any changes thought to be desirable by surveyed agencies, advising the Commission of any irreconcilable conflicts between these agencies.

MR. VICKERS: Mr. Ciampi is going to make his presentation now, and the staff recommends that he be allowed

to make his presentation at this time, and the staff will have comments for you by the next meeting.

MR. MARIO CIAMPI: Members of the harbor commission, laides and gentlemen, I am delighted to have the opportunity of bringing this progress report before you today, in accordance with the terms of the contract, and I would like to review it with you as briefly and as accurately as I can.

It seems as though when one undertakes a project of this magnitude and one begins to evaluate the nature of the responsibility he is assuming, that there appear concerns that need to be considered in terms of the ultimate decisions and directions that you are going to take, and when one begins to focus on a building of such civic significance as the Ferry Building, you begin to wonder what it is that that building requires to bring it within focus, to give it the civic position of preeminence, the ability of the building to survive as times and conditions change, and the role it will play, and so you begin to ask yourself these questions. What is this Ferry Building all about.

If you look back on it historically --

COMMISSIONER GOLDMAN: Excuse me. Before you get to that, Mr. Ciampi, will you answer Item a, what are the various regulatory or advisory agencies having jurisdiction with regard to this building?

MR. CIAMPI: Well, it depends entirely. What we have done is, the portion of the project which has to do with the development of the plan of the south end of the building, and in order to do that we found that we had to do pretty much all

of the building, and what I have before you here now is a part of Phase II as well as Phase I, because we found that it was impossible to just do Phase I in isolation without understanding a part of Phase II.

COMMISSIONER BRIDGES: But that doesn't answer the question, Mario. The question is, I wanted to know that, too, what agencies do we have to accommodate to do something about the Ferry Buidling?

MR. CIAMPI: These agencies are the City Planning Commission, BCDC, the Landmarks Commission, the Fire Department, and the Building Department. These are the agencies that will require approval of the project as it proceeds, and in order to meet that criteria of regulation, the project has to be dealt with in its comprehensive way, so the Planning Department can understand the reasoning that goes behind judgments that are made within the building which affect the policies and criteria established by BCDC and Planning and so on.

COMMISSIONER GOLDMAN: Mr. Ciampi, are you telling us, then, that those are the five agencies that have an input to whatever determination is made for this building, and none other?

MR. CIAMPI: Well, as near as I can tell in our review with Charles Vickers it appears --

COMMISSIONER GOLDMAN: Your assignment was to research that and tell us, not to ask Mr. Vickers, and so we are depending on your research that tells us that those are the agencies.

MR. CIAMPI: Well, as I understood it, this is what I have in the contract. These are the agencies to contact as far as our research, yes.

COMMISSIONER GOLDMAN: No, no. I don't think that was quite it. If I read it correctly, to determine what agencies have jurisdiction. That is all we asked in that issue. I don't think we were asking you to research them particularly.

We want to be satisfied now that that part of the assignment has been studied by you, and that that is a fact.

MR. CIAMPI: Well, as I say, in my approach to it, the agencies that are involved are listed, and if there are any others I will have to investigate that.

COMMISSIONER GOLDMAN: Well, wait a minute. That is what you were asked to do originally.

MR. CIAMPI: That is true, and I propose to do it, except that I am doing it in a way that enables these agencies to see what we are doing, so that they can make a judgment on whether what we are doing is acceptable or not, and I have prepared this basic data now so that we can proceed with this.

COMMISSIONER GOLDMAN: Well, maybe I am confused.

COMMISSIONER MORRISON: Mr. President, if I may?

Mr. Ciampi, the language of Phase I says that you will survey those various regulatory agencies. Now, what steps do you go through in carrying out that survey under the contract?

MR. CIAMPI: In order to accomplish that phase of the work it is necessary that documents be prepared of a kind

which explains the intentions and ways and proposals that are made to alter the character of the existing building in some other way, and this material, this data, has to be developed so that a similar presentation can be made to these agencies, explaining to them reasons for changes that have been proposed, and unless you have this kind of data before you it is difficult to make such a presentation to these agencies.

PRESIDENT RUDDEN: What you are saying is that you are going beyond Phase I in so doing?

MR. CIAMPI: It was necessary to go beyond Phase I in order to take care of Phase I, which I will be doing, and probably be back to you in two weeks with reports on that.

COMMISSIONER GOLDMAN: That being the case, if the assignment was not clear to you, I think the time to have questioned the Commission as to what it had asked you to do would be before the date you are making the presentation. Today is the day, not two weeks from today.

MR. CIAMPI: Well, it was my impression that, in view of the fact that the scope of the work is so large, this would be the reasonable way of doing it.

COMMISSIONER MORRISON: Mr. Chairman, may we hear what Mr. Ciampi has to say, and then make a judgment on where we go from there?

MR. CIAMPI: Very well. Thank you.

Proceeding with the introduction here, acquainting ourselves with the implications of the rehabilitation of this important city building, one begins to be concerned about many of the aspects that go with this.

We know historically it was used as a ferry transportation terminal. Following that, in recent years, the entire aspect of the waterfront has changed. The building, in order to relate itself to that, has been utilized in many ways. In many cases work has been done which hasn't been part of any orderly plan, but events have taken place in the building in an incremental and on a splinter basis.

In the meantime, the building has been deteriorating. The Embarcadero Freeway is a question that we are confronted with today, and the impact it has on the Ferry Building when you see it in its former position.

We have now the construction of the Embarcadero Park, which is waiting to be completed in its third phase. We have the problem of what are we going to do with the Ferry Building if we develop it for office space and commercial use, if we don't provide parking. What is the impact of the BART platform out here to the Ferry Building, and the manner that relates to the connection from the BART platform to the Embarcadero Park? How can the Embarcadero Park be extended both north and south around the Ferry Building so the park as we know it today is not an Embarcadero Park, which is a land-based park, really, and how can we make a marine park out of it in which the focal point is this building?

What can we do with about 325,000 square feet of floor space in this kind of location, considering the fact that the building is in its present condition?

How can this building relate itself to a bigger

plan which, by the way, we have already developed, to try and understand what the meaning of this building would be in relationship to the total waterfront. This building would actually become a kind of marine civic center to the City. How will this building relate to the promenade that is supposed to be constructed down to the south? How will the building relate to the promenade that is supposed to be constructed to the north?

These are questions that one asks himself in this broadest context before you proceed to decide how the details will relate, because if we don't go that way we will again resort back to the way the building has been dealt with historically.

None of these questions were asked in the early days, so that pieces of construction were done that were unrelated. They are disparate, and now we are faced with the cost of removing and changing and rehabilitating these places, and bringing this building into some context that not only may allow itself to be developed, but also to be rehabilitated, so that as time goes on it will become an enriching thing, and the investment that is made today can be defended as the years go on.

Based on that, following these concerns that we developed, we then began to look at the problem of how to relate the building to, a, the adjoining areas of which this is a part of the contract in Phase II, and here we do see the existing building in an aerial view.

We have the BART platform out here. The BART

platform, if you go out and view it now, and I have been out there many times, is a barren area. It is windswept. It isn't used properly. There is no way for the people that we see to get on to it, and there is no attraction for them to enjoy even if they got out there.

This is another civic asset. This is an important and valuable piece of property, so the development of that BART platform has a lot to do with the way the building will develop.

We see, for example, down in the south area, that the lower floor of the Ferry Building needs to be reconstructed, because it is a very bad structural condition, and along with that it can be redesigned in a way so that it may have activities which are out on the platform. These activities which are out on the platform could be of a cultural-recreational nature. We see more of this kind of cafe and waiting area around the ferry terminal, boat terminal than we have now.

As this system is inaugurated within the next few months, that is going to play an important part in what happens in the south end of the Ferry Building.

We also have, on the south end of the BART platform, a proposal for a very large complex, which in turn will be the the area or structures that enclose this PART platform, so that it isn't the windswept area that it is at the present time, but rather adds civic enrichment to it that would be more active.

All of these combined together will have great impact

not only on the way the Ferry Building is rehabilitated, but also the values of that space, which could be very important.

We see also on the Bay side here, rather than rehabilitate these platforms around the exterior of it, we feel that that money should be spent within the building, that ultimately it is going to cost a considerable amount of money to rehabilitate the building, and for that reason we feel that the circulation that you have out on the platform may very well take place within the building, and in doing that activate the spaces within the building, and give people an opportunity to be close to the water at all times.

One of the important decisions we made was that the Ferry Building, in order to derive its maximum value as an investment for the City and for the pleasure of the people, it should be related to the water as closely as possible, and this is what we have endeavored to do.

We propose to take these platforms and wharves and bring them right up to the edge of the building, and also, in the south area, to do the same thing.

We find in part of the building a situation which is a very unhappy one. It is mostly cut up completely cut up in nondescript areas, with parking lots on either side, and no enrichment of any kind at all.

We find that in front of that there is a large parking area under the freeway. We find southbound traffic moves southward out to the edge of the Embarcadero Plaza, where we have just completed it to here, and how can we unify the park and the Ferry Building together?

Here again we propose that the mall or promenade that is proposed from the south end of the Ferry Building to the Bay Bridge be continued on in front of the building and continued north, so that the promenade that is to be built at this time will be the beginning of a continuous promenade that will come across the face of the Ferry Building.

And the activities, the character and design of that, should be extended and made part of the study of the front of the building, so that in fact we have in front of the Ferry Building, by removing the parking areas and the traffic that goes northward, and moving it under the freeway, and then taking the rest of the freeway that is southbound on this side and combining it together, eliminating the parking that is under there, and constructing a public garage at Steuart and Mission to house, I would say, at least 600 cars, then this kind of plan can be realized, and if we can in fact build the Embarcadero Plaza on the Ferry Building side to be consistent with the Embarcadero Plaza on the land side, and to bridge the gap as tightly as possible, we then would have a comprehensive ferry park, Embarcadero Plaza which would be like this rather than, as at the present time, an Embarcadero Park over here and then open space and conflict from there on over to the Ferry Building.

I believe if this is accomplished and one can actually sense the park comes right up to the edge of the Ferry Building, that the value of property and space could be very critical, so critical and important that perhaps the

entire character of the building needs to be reevaluated, that this space in here may be too valuable for just office space the way we use it now.

It may be considered as a kind of international commercial center. We have the World Trade Club up here now. It has a marine setting, and by the right kind of design and by beautification of this building, that may indicate a new direction for this building to follow, and more assistance will be needed in the determination of that in the economic and financial aspects of this kind of undertaking.

So this is a very important judgment that I feel needs to be evaluated. Furthermore, to the north, over here again, part of the City Planning's proposal is to make this a historic ship area, and we see this as a marvelous thing, and also done in a way so that in enhancing the view of the Ferry Building we reduce the length of Pier 1 and open it out to the view, so that the view from the Ferry Building is not two of the piers together out to the water, and in doing that, the development of this is something which is beyond the scope of the work, but at any rate it begins to establish an environmental relationship, what the importance of this building is to what can happen around it.

As these areas around it go, how enriched they become, how well used they are, how activated they are, has a great deal to do with the real estate and economic character of the building itself, so this is, I think, a very important consideration for the development of the Ferry Building.

In addition to this, as one goes up on the upper

floors of the building one finds that there are views from there, and a setting which has a great deal to do with the values of the building itself.

When one looks at the office layout, for example, the next thing that we did, we reviewed the condition of the existing building in terms of how the spaces are used today. We found that at the present time, the building is a massive building, some 325,000 square feet, and it really has no central focus of any kind.

When we look at buildings like the Ferry Building or wherever we go, there is open space. There is a place of direction. One knows where they are and so this is something that occurred here. One of the reasons the building is drab and unattractive is certainly because there are no central features or directions which indicate that it is an important building.

In doing this, we in color indicate that the spaces that are available today on the ground floor that are on a monthly basis are shown in red, which is very considerable.

The areas that are show in blue here would be available, say, within about five years. And the areas in yellow, none on the first floor, and Limbach on the second floor in this area, and on the top floor the World Trade Center, Kalcan and Limbach, are leased for over ten years, to give some notion of what the leasing structure is for the building at the present time, and any attempt that is made to remodel the building and rehabilitate it has to do with the income the Port would gain and lose in terms of the kind of

construction that would occur, and changing over the image of what the building is to something more significant and appropriate.

From there we began to look at the plan itself, and now we begin to come back to the basic concern, which is what the responsibility is, and looking at the ground floor, we have here an enlargement of what I just explained in this area plan to you.

We find here the building at the present time in the front here is in very run-down condition. There are additions put on it which are inconsistent, and the kind of windows that are on are varied. There are little shacks. There are stairs that go up. You are more familiar with it than I am.

But in looking at the condition as it is now, and considering the fact that the ferry boats are going to discharge passengers who will want to come through the building, this is kind of an introduction to the City as people come in from various parts of the rural area. It would be very nice to come into an open space, and in that open space we see perhaps the most valuable asset the building has, the tower.

This tower is a replica of the old Giralda Tower in Seville, which is a handsome building there, and it is a very significant landmark to us. So the feeling we had was, how could we open space up in here so that, as one came into the building, it would be activated. We see a cafe down on the lower level, places where people can walk through. We see retaining the ramp that goes up so that at various levels people can look down on the open space, and in general create a kind

of a civic entrance to the City within the building, so that from there, with the activity that goes on, both from traffic and people who enjoy the waterfront, these spaces can be activated in a way that will relate to the traffic directions that are resolved in the master plan over here.

For example, we find that people not only would come across through the building this way out to the Embarcadero Park, but also would move on in this direction to go to the bus turn-around, and would move on in this direction to go down and relate to the mall, which is moving south, and then to the north we see people coming into the building, coming into these corridors which in each case give a view of the water. As you come out of the ferry boat you can walk along this way. So in each case we endeavor to produce the distance which gives a marine view, like the streets of the city.

Also, by doing that, we try to dislocate the monotonous regularity of the plan that you see down there, in which there is nothing to recommend your forum, which are really aimless areas that have no relationship to the environment of the setting, and by doing that create interesting components of space which have a maximum of the frontage which a space like this, if developed well, with this great gallery entrance that you see here, that would have very valuable frontage here, as the people come out through here. These would all be valuable frontages, so a space like this could become very, very valuable.

We see the opportunity here of developing a

restaurant here by building a glassed-in enclosure out further onto the platform, which would be helpful to increasing the space of the building.

So, in general, the environmental character of the building would change, and it seems to me that any developer would indicate great interest in utilizing these spaces for a very high return to the Port.

Now, in our development of this, these are our proposals that we are making. It doesn't necessarily mean that some developer who came along would want to combine this entire space together, but that could be accommodated over here. These areas might be re-arranged somewhat to meet that requirement.

But the basic principle, the basic criteria that we establish here, should be retained, and that is the open area that we have, which emphasizes the tower, the ability of people to enjoy that tower and the open space as the front door of the City, the retention of vistas to the Bay, the opportunity to get to the various components of the overall plan which is indicated here, and go even further, which is not included in this presentation, and very significant, the importance of, rather than all this unused space here that has a utilitarian nature be eliminated and, instead of that, the park developed along the front, and the park that we see developed along the front, which is a continuation of the promenade, includes kiosks and places for vending, so it is activated, and people cluster around this, and so the area in front of the building here has that civic quality that is

necessary to, in turn, inure to the well being of the building by increasing values of these leasing areas along the front.

Now, at one time it was proposed that we keep the galleria on the south here which is existing at the present time. We concluded that that space is much too valuable to be given up for an arcade, rather. We have all of this open space out here, and I have noticed that when people have open space before them, they prefer to walk in open spaces than to be in arcades, so we abandoned the arcade idea, and put these spaces in here where it would do the greatest good.

Now, then, when one begins to think of this functional behavior of the lower floor in relationship to a spatial setting, one begins to see that, if you arrive by ferry boat and come into the building, you come into a great open space, and there you have before you this great tower that is only seen in part now. It is blocked off from here. When you walk through the building you don't know the tower is there, and yet it is a great and valuable asset.

So now, suddenly, the tower is free standing, and you can walk around it, and you can walk around it at various levels. At each level there are galleries and balconies and terraces by which you can see it. We can see the retention of the ramp so that it will be a part of the experience that one enjoys at all levels.

We see here a possibility for redesigning the south end of the Ferry Building, which is rather nondescript looking like this, into something like this, which could be very,

very attractive.

Over here we see the second floor, with open space in the center here, so that one circulates around the tower, and we retain these circulations this way so as not to indicate too much of a disruption of the building at the present time, notwithstanding the fact that we indicate it that way doesn't mean that we can't revise it to be more like this in the future.

On the third floor, again we retain the World Trade Center and the Kalcan project, and introduce this great central element, and then again, there, as I say, depending on how World Trade Center expands and how other tenants come in, would modify it ultimately.

The encouraging conclusion I come to here at the present time is that, by following this kind of a procedure and pursuing this kind of development, we have the same amount of space in this remodeled way, including this great open space, as we have over there with the spaces that are now existing in the present lease condition, so we have all of this again without giving up any of the space except that it would be better space.

This is my conclusion.

COMMISSIONER GOLDMAN: Mr. Chairman?

As I understand it, Mr. Ciampi, the building is now a landmark?

MR. CIAMPI: That's right.

COMMISSIONER GOLDMAN: What are the restrictions in regard to the outer shell of the building, once it has been

so designated?

MR. CIAMPI: Well, at the present time -- and, by the way, the Art Commission has something to say about this, too -- the intention is to keep the front of the building in its present condition.

COMMISSIOER GOLDMAN: But what is the rule that applies to a national landmark?

MR. CIAMPI: I am not familiar with that. I don't know what the rule would be. I think that the landmarks people look at this and evaluate what is here in terms of the way it exists now and the way it is proposed to be developed, and hopefully out of that some approval would be given to pursue this direction.

COMMISSIONER GOLDMAN: Well, I was under the impression, maybe wrongly, that a national landmark designates that the outer shell of a building must maintain its current integrity.

MR. CIAMPI: Well, that is accepted in a landmark building, certainly. Parts of the building may have deteriorated, and certain parts of the building may be additions that were added to the building which were inconsistent with the original building. It may be that the building itself offers potential for improvement, and all of these are possibilities to incorporate within it.

COMMISSIOER GOLDMAN: One other question. You mentioned earlier in your presentation that the building has deteriorated. Are you telling us that the basic structure is deteriorating?

MR. CIAMPI: No. First of all let me say, at this level of work that we are doing we haven't involved ourselves with the structural stability of the building. This is something that the Port people would be advising us about.

What I am talking about are the conditions of the materials in the building. For example, the windows along the front are in very bad condition. The roof is in very bad condition, the stairways. There are all kinds of elements in this building which need to be considered, not because they are going to have a great deal to do with how much is it going to cost to rehabilitate it, but what is the rent going to be in the end.

COMMISSIONER GOLDMAN: I thought they were doing some roofing work in the last few months.

MR. VICKERS: He is wrong about the roof. The roof is in good repair. The structural condition of the building is all right. The foundation is in good condition. But there are areas that need updating.

PRESIDENT RUDDEN: I think we should refer this to our Chief Engineer for further review, and report back to us, if the Commission is in agreement with that.

COMMISSIONER MORRISON: Mr. President, I move that we refer the matter to staff and ask for a report at our next meeting.

COMMISSIONER BRIDGES: One question, Mr. Ciampi, before you leave.

It seems to me that the way you have outlined the plans there and the passageways for people, a large amount of

your planning for this change is based upon the continued operation of the ferry boats, and ferry boat passengers.

MR. CIAMPI: This relates to the passageway through here, Mr. Bridges, that provides for people who disembark from the ferry boat out here in the water, so they can come through. That's all. It isn't a very broad --

COMMISSIONER BRIDGES: But it does envisage, as far as you are looking at it, in your planning, that the ferry boats are here to stay.

MR. CIAMPI: Well, these were decisions that were made. The boats are here, and they are going to be in use, so the access through the building is here. I would say they are here to stay.

PRESIDENT RUDDEN: I have a motion from Jack that we refer this to the staff.

COMMISSIONER GOLDMAN: Second.

PRESIDENT RUDDEN: The staff to report back to us at the next meeting. There is a second. Any objection?

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rudden - aye; Commissioner Rothenberg - absent.

MR. HUNTSMAN: Item 7 is a review of bids received January 9 for Contract No. 2472, protective coating on rusted steel deck members on Pier 70.

Supplemental data was inserted into your packet, and the staff recommends that, of the three bids received, the bid from John H. Watt Painting, Inc. in the amount of $137,400 be approved.

COMMISSIONER GOLDMAN: So move.

COMMISSIONER MORRISON: May I ask a question of Mr. Vickers about this item, Mr. President?

We say that we are going to undertake a minimum kind of reconstruction out there. Is that correct?

MR. VICKERS: Yes.

COMMISSIONER MORRISON: So as to get the facility, through the course of time, covered by present leases?

MR. VICKERS: That is true, but in my opinion this will carry it somewhat beyond, also. We will keep checking it yearly, or every other year, as the case may be, to see how this does.

COMMISSIONER MORRISON: I concluded from reading this that the facility there is in a deteriorating condition, and that we are only shoring it up for a little while so as to recover the lease money.

MR, VICKERS: Well, yes and no. Back in September, when I first brought you this request to do this repair to the steel beams, we had three choices. We could have done nothing and let the steel beams continue to deteriorate, because they are being rusted because they are not coated at the present time.

We could have gone out and sandblasted the steel beams and put on a very expensive zinc coating, which would have kept them going for maybe 25 or 30 years, or we could do this type of repair, which would extend their life approximately ten years, and that is beyond the length of the present leases, and at that time I recommended this repair. Also, because of the money situation, this, in my opinion, gives us

the most for our dollar.

I feel that the bids that came in are very good, and it sort of reinforces our thinking that we can do this and keep the facility going.

COMMISSIONER MORRISON: You still believe, then, that taking this course is the best investment?

MR. VICKERS: Yes, I do.

COMMISSIONER MORRISON: Thank you.

Mr. President, I am ready to go ahead.

COMMISSIONER BRIDGES: Approved.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rudden - aye; Commissioner Rothenberg - absent.)

MR. HUNTSMAN: Item No. 8, amendment to Harbor Carriers lease at Pier 41, has been put over at the request of the tenant.

MR. DAVID: Mr. Rothenberg asked that it be put over.

COMMISSIONER BRIDGES: The letter I got said the tenant.

MR. HUNTSMAN: Item No. 9, report on Central Basin proposals. Mr. Thiemann?

MR. THIEMANN: We have received five proposals.

COMMISSIONER GOLDMAN: Before presenting them, Mr. Thiemann, do you have copies of the specifications they were to bid on?

MR. THIEMANN: I don't believe I have them here. I could bring them over from my office.

Five of the proposals, in my opinion, merit further consideration. One proposal, which I will get to in the second presentation, puts limits upon it which I don't think are acceptable.

The first proposal, and I have sent you a summary of these proposals, is from Frank Owen, Mariana Enterprises, Inc. As you can see, this is a fairly detailed proposal. This is the existing Pier 54. These, of course, obviously, are boat slips. There would be development along the perimeter, parking on these lots.

It appears that he is suggesting some fill be placed in here for parking, which I am sure would be a problem with the BCDC.

This proposal encompasses 400 rental slips, 190 live-aboard slips, and I might add that I have checked with both BCDC and the Planning Commission, and they feel that live-aboard slips would be acceptable in this area.

Shops, restaurant, bar, fueling docks, insurance, marine supplies, boat sales, boat storage, fuel docks, tennis courts and a swimming pool.

Annual minimum rent is $120,000, ultimate rent $340,000 per year. There are varying percentages.

He stipulates that the Port would be required to remove Pier 64-66, which are in this area there at the present time, and construct a 1,900-foot breakwater.

COMMISSIONER GOLDMAN: Question. Who is to construct the 1,900-foot breakwater?

MR. THIEMANN: His stipulation is that the Port

would. Now, we were investigating the possibility of federal funds, which would mean that all of these proposals would be adjusted accordingly.

COMMISSIONER GOLDMAN: Well, this is a question that I think applies to any application, and that is, do I assume that all bidders assume that the Port is going to build a breakwater?

MR. THIEMANN: No, they don't. One other bidder had that in his proposal, and he brought me a letter this morning removing that contingency. I will get to that one.

COMMISSIONER GOLDMAN: Do you have an estimate of what that breakwater would cost?

MR. THIEMANN: We have preliminary estimates. Was it about one million and a half, Chuck? I think it was around a million and a half dollars, more or less.

COMMISSIONER GOLDMAN: Where did you get that information?

MR. THIEMANN: We got that information from our appraiser.

COMMISSIONER GOLDMAN: Did you talk to the Engineering Department about it?

MR. THIEMANN: No. The appraiser talked to our Engineering Department about it.

COMMISSIONER GOLDMAN: I would like to hear from Mr. Vickers, then.

MR. VICKERS: Well, if you look back on Mr. Thiemann's earlier comments, the Port Engineering Department is still in the process of analyzing these proposals, and I don't have

any comments at this time. I can't comment one way or the other on these today.

MR. THIEMANN: Our appraiser gathered information from the various marinas in the Bay Area and Southern California. He came up with a price for the breakwater. However, Commissioner, the cost of the breakwater depends on how it is built. There are many different ideas of how a breakwater can be built in this area. This is one of the reasons why this is merely a preliminary presentation.

COMMISSIONER GOLDMAN: What you are saying then, if I follow your figures, and I am talking about your first presentation, an annual minimum of $120,000, and it will cost the Port a million and a half to build a breakwater alone. I presume there are other expenditures involved.

MR. THIEMANN: We are not suggesting that the Port spend anything. In other words, these are proposals. They are not bids. We expect to be in communication with all of the proposers, and we have up until this time. That is one of the reasons why Mr. Henry Richman brought his letter in this morning removing that contingency.

All I can say at this time with regard to costs to the Port, the staff doesn't intend to recommend that the Port spend any money.

COMMISSIONER GOLDMAN: Are you asking us to do anything today, other than just to hear from you?

MR. THIEMANN: Yes. I am asking you to consider these proposals, decide whether you feel they have any merit, and then we are going to recommend to you that you award a

contract, a service contract to Gimmy & Hamilton to make an in-depth study of all five proposals.

COMMISSIONER GOLDMAN: Mr. Vickers just said his department is investigating, and I am just curious to know how these two mesh together.

MR. THIEMANN: He is doing an engineering study of these proposals. If Gimmy & Hamilton are awarded the contract, they won't be concerned directly with the engineering studies, but they will consult with our Engineering Department in those areas.

COMMISSIONER BRIDGES: On our agenda here it says no action required at this time.

MR. DAVID: That is correct, Mr. Bridges. We just requested that Mr.Thiemann just give you an overview of the five proposals we have,without asking for any action other than perhaps your thoughts as to the merits of the yacht harbor, and if you want us to go further, then we will at a later date suggest what we should do in the study.

PRESIDENT RUDDEN: Mr. Thiemann just said he was talking about a study.

MR. THIEMANN: If the Commission approves, we would like to award the contract to Gimmy & Hamilton.

COMMISSIONER BRIDGES: If we go ahead now,that is an award of contract.

MR. THIEMANN: This is a contract to study this, just to give us an economic study to determine which, in the opinion of Gimmy & Hamilton, is the best proposal, or the best proposals, for the Commission to make a decision on.

COMMISSIONER MORRISON: Mr. Thiemann, that, just on the face of it, seems to me a sensible course of action, but I would like to ask you, what would the work program for Gimmy & Hamilton be? What would they do in the course of their study?

MR. THIEMANN: Well, I haven't discussed the total contract with them, but what I would ask them to do, what I expect that you would want, is an in-depth study of each of these proposals, number one, to determine its economic feasibility. We have one proposal here that indicates they would expend $55,000,000. Now, on the surface, it would appear that $55,000,000 would not be productive funding in that area. Mr. Simmons had trouble raising $29,000,000 with 100 percent location.

Secondly, we would ask them to determine what the bottom line is to the Port, how much we are going to make out of this.

Thirdly, the merits of each of these proposals with regard to aesthetics, with regard to the type of services that would be offered.

Again, we have asked these people to tell us who their consultants are, who their principals are. We have a prestigious list of consultants with three of these people, and we would ask our consultant to determine whether these are the people who he feels are the best.

COMMISSIONER GOLDMAN: I have some trouble with your recommendation of today. I sense from some of the conversation that that is not quite determined through the

normal course. Is it the desire of the Port Director that that be acted on today?

MR. DAVID: No. We weren't asking you to act on this today. We wanted Mr. Thiemann to go over these proposals in a general way, and if you thought they had merit, I think if we decide to engage Mr. Gimmy, that is a staff action, and does not require Commission approval.

COMMISSIONER GOLDMAN: So all we are hearing from Mr. Thiemann is his report on the proposals, and any other discussion. We don't have to act on anything.

PRESIDENT RUDDEN: Under those circumstances, it seems that we have heard from Mr. Thiemann.

MR. TAORMINA: There are four more proposals.

MR. THIEMANN: There are several people here from the proposers who have asked me if they could have a couple of words to say and let you know who they are, after I have made these presentations.

Is there anyone here from this first proposer, Mariana Enterprises?

(No response.)

MR. THIEMANN: The little letter which I have just passed out to you is the second proposal, from Frederick W. Anderson. He did not give us a large drawing.

The second page has a color code which indicates what he would use the various areas for. This is the proposal which puts the limits of time on obtaining the financing, and would require the Port to remove Pier 64 and install a breakwater.

His proposal is pretty sketchy. It gives no great detail, and I have no further comments on it at this time.

The next proposal is from Henry Richman and Associates. This is the proposer who originally indicated that, in order to do his project under the terms that he proposed, he would require a long-term , low-interest financing, either through the State, Federal or Port funds. The letter he gave me this morning indicates that is no longer a requirement of this proposal. However, he did reduce, in that letter, the percentages that he would pay, accordingly. Obviously, if he has to build a breakwater, he has to get his money back in some manner.

This is the side of Pier 54. This is Pier 64. Along here would be commercial development, and the same thing on these two seawall lots. The office building adjacent to Pier 50 would be used as an office building.

He proposes 800 to 1,000 slips, boat repair yard, gas dock, marine hardware, restaurant, convenience market, offices, dry boat storage, sail maker, marine product sales, and it would be constructed in three phases.

The minimum rent, at least in three phases, would be $194,400 a year. This would be against the varying percentages.

Mr. Henry Richman is here. Do you want to say anything?

MR. HENRY RICHMAN: Thank you.

Mr. Chairman, we just feel that there is a great need for boat slips in San Francisco, both for residents of

San Francisco and other areas. At the present time the Harbor Master has 5,000 names that have applied for slips over in the Marina area.

The value to the City not only would be the rental and the percentage income. It would be the taxes from 30 to 50 million dollars' worth of boats in the area, and it would also be the other income to the businesses in the City, hardware, food and the other services that go along with a marina.

It is a very, very necessary thing for the City to provide, to be able to provide by way of a development more slips. They are needed desperately.

COMMISSIONER MORRISON: Mr. Richman, I am not familiar with your business connections. Can you tell us?

MR. RICHMAN: I am a developer, real estate developer, and I have also been connected with boating for about 20-some-odd years. I am connected with a yacht club and development in Marina Del Rey in Los Angeles.

I presently have a boat which I keep in Sausalito, unfortunately, because I am not able to get a slip here.

COMMISSIONER MORRISON: Do you live here?

MR. RICHMAN: Yes, sir. I live here on Vallejo Street in San Francisco.

COMMISSIONER GOLDMAN: Do I understand, Mr. Richman, that you are prepared to provide the breakwater from your own resources?

MR. RICHMAN: Yes, sir.

COMMISSIONER GOLDMAN: Do you consider this area

to be a desirable area for a marina?

MR. RICHMAN: Yes. It is a very good area. It is easy to get to, both from the City and for Peninsula residents by using the extension of 280 and getting off at Fourth Street and driving over there.

It has probably the best weather in the City of San Francisco in that area. We feel that, of the areas that are available, this is one of the best in the City, yes, sir.

Thank you, gentlemen.

MR. THIEMANN: The next proposal is from Shoreline Concepts, and this is a very extensive proposal. This is the one that I mentioned that proposes $55,000,000 -- in fact, $55,406,500 -- and my previous comments I hope didn't indicate that we had made up our minds that this is not a practical project. That is what we expect the in-depth study will either prove or disprove.

This proposal is for a 1,500-boat marina, with a very unique hollow breakwater, with three floors of parking and other uses, a 200-room boatel. There is nothing like this in San Francisco, where a person could come in with a boat and move into a room right there.

It has a restaurant, stores, offices, a museum, a yacht club, parking lots, and again the unique concept of 600- to 800-boat storage in the vertical structure.

The cost of this, as I indicated, is over $55,000,000. I have a supplemental letter today that gives further information on annual rent to the Port, which indicates something in excess of $1,000,000 a year ultimately, and

varying percentages.

Mr. Keith Limnell is here. Keith, would you like to say anything?

MR. KEITH LIMNELL: Thanks, Harry. I am just observing right now.

COMMISSIONER MORRISON: Mr. Thiemann, I recall when we first talked about this proposal, before we sent out these specifications, that the staff remarked that the marina type of development was a type that would not foreclose other maritime uses quite a way down the road. For example, 50 years from now we might want to use this, or San Francisco might want to use this, for some other purpose. Would this development preclude the Port from doing that?

MR. THIEMANN: Not 50 years from now.

COMMISSIONER BRIDGES: It is a 20-year lease with an option, if you want to use it for maritime.

MR. THIEMANN: The last proposal is from a firm called Tecon Services, Inc, and they have a very extensive marina proposal, also. This would be done in two phases. The second phase would only take place if the first phase were successful.

The first phase is a five-year plan with 750 slips, storage, boat sales, fueling and repair, food and beverage sales, retail sales, offices, and so on. The 20-year plan would be the second phase, and if the first phase stimulated enough interest, it would go forward. Phase I would cost $5,600,000.

The minimum rent initially would be $52,500.

Ultimate rent would be $171,908, against varying percentages.

Mr. Al Gatov is representing Tecon, and I might ask him to --

COMMISSIONER MORRISON: Mr. Thiemann, a question, if I may, before Mr. Gatov speaks.

What do you intend to convey to us by this category of "Ultimate Rent"? Is that a judgment on your part, on the face of it, what the profitability would be?

MR. THIEMANN: This is what we were able to deduce from the proposals, and this is another reason why we would like an in-depth study, so that whoever does that study can make direct contact with the proposers and come back to you with a final bottom figure that will show what your annual minimum rent will be and what your projected percentage would be against that.

COMMISSIONER MORRISON: So at this stage you are not making a judgment on which of these would be most profitable?

MR. THIEMANN: Not at all.

COMMISSIONER GOLDMAN: Excuse me. Is someone here from Gimmy & Hamilton today?

MR. THIEMANN: No, sir, I don't believe so.

COMMISSIONER GOLDMAN: I am just wondering what in the world they would be analyzing.

MR. THIEMANN: Well, I tried to explain to Mr. Morrison before what I would ask them to do. I don't think there is anyone on the Port staff with the expertise to make such an in-depth study, and what they would come back

with, in addition, I guess, to what I have already told Mr. Morrison, tried to tell Mr. Morrison, is what, in my opinion, would be a complete analysis of each one of these proposals.

COMMISSIONER GOLDMAN: And a recommendation?

MR. THIEMANN: And I would expect a recommendation.

COMMISSIONER GOLDMAN: With so many unknowns, is that a conceivable answer?

MR. THIEMANN: I don't know. I can't answer that question today, sir. I don't know.

COMMISSIONER BRIDGES: Could a study, Harry? A study would simply be a gamble, too. Take like the last proposition for $55,000,000. That is a gamble. It might work or it might not.

MR. THIEMANN: Well, this is one of the things that Gimmy & Hamilton would do, to determine whether there is $55,000,000 available for that project.

In other words, even though that particular project may indicate it is going to give us the biggest return to the Port, if the study indicates that there is no way they could finance it, we certainly wouldn't recommend to you that you do so.

PRESIDENT RUDDEN: What we are talking about is $7,500 in the event we were to think affirmatively?

MR. THIEMANN: $1,500.

MR. DAVID: $1,500.

PRESIDENT RUDDEN: For each project?

MR. THIEMANN: No, $1,500 for the total.

PRESIDENT RUDDEN: You mean $1,500 for the whole thing?

MR. THIEMANN: Yes.

COMMISSIONER GOLDMAN: Mr. Chairman, my question wasn't in anticipation we would act on this. I was just curious to know what it was they were to do. I understand that we are not to do anything.

PRESIDENT RUDDEN: They didn't ask us to act.

MR. THIEMANN: Mr. Gatov?

MR. AL GATOV: Mr. President, members of the Commission, with all due modesty, because we have seen the other proposals, including the $55,000,000 one, I must say that ours is the only one that is straightforward. We are not asking the City to put up a nickel, the State, or the Federal Government. We will do our own financing.

There was some question, I think Mr. Thiemann may have misstated. We don't believe that you go in there and throw up motels, hotels, boatels, skate board parks, tennis, etc. You have got to phase this in on a development basis, which was our intention. We don't believe in putting up a $3,000,000 building for boat sales if it isn't there, but it might develop into that.

In any event, we believe that we have made a straightforward proposal, with no strings attached, no provisions "if this happens we'll do this", "if you do this we'll do that", "if we can get the money". We have the financing. We are strong financially, and we are ready to go.

I think that we are the only bidder that was responsive to your advertisement. You asked for a cleancut proposal, and we gave you one. We told you exactly what we will spend. We will build a breakwater. It will cost, without engineering, in excess of $1,000,000. We know all these things.

We also know that there is a possibility at some future time that the City may decide to take the whole thing back. We are aware of that. We suggest a 30-year program.

But, by and large, we have certainly responded to your request. We ask no special considerations, no loan from the Small Boat Harbor in Sacramento, no federal aid of any kind. We have put what we believe is a straightforward proposition with no gimmicks and no angles, and we believe that when you are reviewing these things, if you do have a consultant look them over, I think you will reach the same conclusion.

I will be happy to answer any questions that you may have.

Thank you very much.

COMMISSIONER MORRISON: Mr. President, I notice that Mr. Sherrill of the Potrero Hill Community is in the audience. May I ask him if he has any preliminary reaction to these proposals?

MR. PAUL SHERRILL: Well, as you know, we have been interested in this a long time. We would be very happy with any of them. The $55,000,000 one was simply the

grandest we could ever imagine.

I think probably we would be more interested in the marina ones than the live-aboard. That is my only reaction.

MR. TAORMINA: Mr. President, I would like to make a comment before we pass off of this. Dr. Allan Hale is here from the Department of Commerce, the Secretary's representative here in San Francisco, and Dr. Hale has been working with the Port staff, and there is an interest on the part of the Federal Government to assist the Port of San Francisco in bringing about some form of joint venture programs on the central waterfront area. He and I will be meeting with Harry as well, to discuss possible roles that the Federal Government could help and assist the Port of San Francisco in bringing some of these programs to a successful conclusion.

PRESIDENT RUDDEN: Thank you.

COMMISSIONER BRIDGES: How about Harry's recommendation?

PRESIDENT RUDDEN: We didn't have any expression on whether we move forward on one of these programs, or should staff consider Harry's recommendation for the in-depth study?

COMMISSIONER MORRISON: Mr. President, I think I am willing to leave that decision to the staff. I am interested in a much more thoroughgoing study of these proposals than we have before us at the present time, and especially a very severe economic test applied to each of them.

COMMISSIONER GOLDMAN: Mr. Chairman, I think in passing this back to the staff it is in order to compliment those who have responded, and hope that from this something

meaningful will develop that is concrete, as Commissioner Morrison has said. We have entered into many contracts before where we really didn't have as strong an economic study as we should have had before our commitment, and we have been surprised on occasion.

I think it is very important to know exactly what it is that is being proposed, once the staff comes to us with a recommendation.

PRESIDENT RUDDEN: I agree, and if I were to have the votes on that, I would vote in favor of the in-depth study.

COMMISSIONER BRIDGES: That is what I would recommend. Now, Harry just got through saying he does not believe there is enough expertise on the staff. This is why he recommends this study.

MR. DAVID: We think it is necessary, Mr. Bridges.

COMMISSIONER BRIDGES: So do I. When Harry comes to you and say, look, our staff, as good as it may be, and I agree, could use some help on this, and that is why he wants the in-depth study, it makes a lot of sense to me.

COMMISSIONER MORRISON: I certainly agree with that comment, Mr. President. I make no judgment on Gimmy & Hamilton as against somebody else.

MR. THIEMANN: Well, they did the appraisal, and we felt they had the information in hand.

COMMISSIONER BRIDGES: Well, I will move to adopt Harry's recommendation.

COMMISSIONER GOLDMAN: Excuse me. I think it was

determined before that we are not adopting the recommendation of the people who make the analysis, because that has to come through channels. So there is nothing for us to do but refer this to staff. Is that right?

PRESIDENT RUDDEN: That's right. I think we have expressed our opinion that you do move forward. Who does the in-depth study is another matter.

COMMISSIONER BRIDGES: Is it up to the staff only to do the in-depth study?

MR. DAVID: Yes, sir.

COMMISSIONER BRIDGES: All right.

MR. HUNTSMAN: Item No. 10, licenses and leases. Request your approval of Licenses and Leases Nos. L9775 through L978 2 inclusive. The staff recommends approval.

COMMISSIONER MORRISON: So move.

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rudden - aye; Commissioner Rothenberg - absent.)

MR. HUNTSMAN: Mr. President, that concludes the items on the agenda for today.

PRESIDENT RUDDEN: We have some new business.

MR. WILLIAM J. MURPHY: Mr. President, under new business?

My name is William J. Murphy. I am an attorney.

PRESIDENT RUDDEN: May I ask you a question?

MR. MURPHY: Yes, sir.

PRESIDENT RUDDEN: How much time do you expect to

take?

MR. MURPHY: I will take no more than five minutes.

COMMISSIONER MORRISON: Mr. President, may I ask whether our legal counsel has reviewed the letter which was written Mr. Murphy to Mr. Rudden?

MR. LYNCH: Yes, I have.

COMMISSIONER MORRISON: Do you have a judgment on the propriety of allowing Mr. Murphy to speak?

MR. LYNCH: What I can advise you is that, first of all, there is no law that requires that you allow Mr. Murphy to speak, nor is there any law that requires that you not allow him to speak.

Furthermore, a question was posed by the Board of Supervisors to the City Attorney's Office asking whether or not your action in terminating Mr. Soules was valid under the Charter. That question is now being researched by the City Attorney's Office. Basically it involves whether the state law preempts the Charter in this matter, and an opinion of George Agnost should be issued with a couple days. It is now under research.

There is no action that this board should take until an opinion is issued. Any action at this point would be ill advised.

COMMISSIONER MORRISON: Thank you.

In view of that, I think we ought to hear for a few minutes from Mr. Murphy.

PRESIDENT RUDDEN: May I ask just one more question? You said that we could allow Mr. Murphy to speak?

MR. LYNCH: Right.

PRESIDENT RUDDEN: Or we could not?

MR. LYNCH: That is correct.

PRESIDENT RUDDEN: So from the standpoint of your opinion to us, if we allow him five minutes, that is --

MR. LYNCH: That is perfectly legal.

COMMISSIONER MORRISON: It doesn't in any way damage our legal position?

MR. LYNCH: No, it doesn't. It is in your discretion to allow him to speak.

COMMISSIONER GOLDMAN: Mr. Chairman, beforehand, do I understand from the City Attorney that the action by the Commission is valid pending any report to the contrary?

MR. LYNCH: That is the matter that is under research right now, whether or not the action of the Port is valid.

Right now the best way to describe it is, the action of the Port is in abeyance until this question is thoroughly researched and the opinion is issued.

COMMISSIONER MORRISON: Your preliminary opinion said the action was valid.

MR. LYNCH: Valid under the Brown Act. Subsequently the Board of Supervisors posed the question whether or not this action of the Commission was valid under the Charter, and that is the question being researched presently.

COMMISSIONER MORRISON: Well, Mr. President, on the understanding that Mr. Murphy's speaking or refraining from speaking will have no effect whatsoever on the decision of the

Commission or on the legal processes the City Attorney's Office is going through, I would, as a matter of courtesy, move that we give Mr. Murphy ten minutes.

MR. MURPHY: I appreciate your courtesy, Mr. Commissioner, but I would not want to represent to this board that any statements that I will make here today on behalf of Mr. Soules would not effect the board, the Commission, or Mr. Soules.

COMMISSIONER MORRISON: Well, we will rely on our legal advice.

MR. MURPHY: Well, your legal advice, as I heard it, is that you do not have an opinion yet as to whether or not the action you took, whatever action it was, was in fact a valid act.

COMMISSIONER MORRISON: Our attorney has said that question is in abeyance pending another opinion from Mr. Agnost.

MR. MURPHY: Very well.

My reason in being here today is to exhaust any administrative remedies that the Director may have, out of an abundance of caution, so that in the event this reaches the court I will be not charged, as I have been in the past by the City Attorney's Office, with the failure to exhaust administrative remedies, so I am here to exhaust administrative remedies.

COMMISSIONER MORRISON: I think that is a reasonable position.

PRESIDENT RUDDEN: Again I go back to our counsel with reference to the administrative remedies. Has your

opinion changed any by virtue of what Mr. Murphy said?

MR. LYNCH: My opinion has not changed, Mr. President.

PRESIDENT RUDDEN: All right. You said five minutes.

MR. MURPHY: I will try and do it quicker than that, sir.

If it please this honorable Commission, I represent Thomas T. Soules, Port Director, Port of San Francisco, in all matters attendant a redress of the wrong perpretrated by your honorable Commission by reason of illegal and void conduct of the San Francisco Port Commission on November 15, 1977.

Your attention is respectfully directed to the City Attorney's opinion dated December 29, 1977, a copy of which I have seen outside inyour offices here, so I know that you do have a copy of it, regarding your violation of the Brown Act in an attempt to remove Thomas T. Soules as Port Director.

In addition thereto your attention is now most respectfully directed to Section 3.500 of the Charter of the City and County of San Francisco which specifically declares that any action taken by you at said meeting is void. Therefore, Mr. Thomas T. Soules remains Port Director until such time as the Port Commission terminates him in a manner that complies with the law.

You are hereby placed on notice that Port Director Thomas T. Soules demands a public hearing if your honorable Commission wishes to consider his dismissal as Port Director.

Further, demand is respectfully made for salary and all benefits accumulated by reason of his employment as Port Director, whatever the kind and nature thereof.

With regard to Section 3.500 of the Charter of the City and County of San Francisco, I would urge that you read that particular section, because it establishes the guidelines for your operations as port commissioners, and a chilling -- and I underscore the word "chilling" -- paragraph in that particular charter section is as follows:

"Each board or commission relative to the affairs of its own department shall deal with administrative matters only in the manner provided by this charter, and any dictation, suggestion or interference herein prohibited on the part of any member of a board or commission shall constitute official misconduct, provided however that nothing herein contained shall restrict the power of hearing and inquiry as provided in this charter."

Gentlemen, today the fact that during this regularly-scheduled meeting, when agenda Item 3, designated "Executive Office Report by Port Director" was reached, Mr. Soules was present in his customary seat, as he is now seated, and was acknowledged, and did present a report, and same was received. I think clearly this is an acknowledgement by you that he is the Port Director, and he requests, through me, that you allow him to perform his duties and fulfill his legally-incurred obligations to the people of San Francisco, and it is our wish that this be done in a dignified and peaceful manner.

That is my statement, gentlemen.

COMMISSIONER MORRISON: Mr. President, I move that this statement and all the representations that Mr. Murphy has made be referred to the City Attorney for his review and his report to the Commission.

COMMISSIONER BRIDGES: I'll second that.

MR. MURPHY: May I inquire of the President whether or not Mr. Soules, at the conclusion of this meeting, can go to his customary office and perform his customary duties?

PRESIDENT RUDDEN: I will refer to my counsel on that.

MR. LYNCH: That is up to this Commission. At the present time the Commission has terminated Mr. Soules' employment. The validity of that termination is now being researched. However, it is up to you whether you desire to reverse the decision of termination prior to receiving the opinion of the City Attorney.

COMMISSIONER MORRISON: Mr. President, I move that we affirm the action that we took in terminating Mr. Soules, and that we acknowledge at the present time that Mr. David is the Acting Port Director of the Port of San Francisco, pending advices from the City Attorney.

MR. LYNCH: Rather than affirm, I would suggest that you take no further action at this time, pending the opinion of the City Attorney.

COMMISSIONER MORRISON: I will move, on the advice of counsel, that at this time we take no further action with respect to the office of Port Director, pending

further advices from the City Attorney.

MR. MURPHY: And may I inquire, through the President, most respectfully, when we may expect the opinion of the City Attorney regarding this particular issue?

MR. LYNCH: I imagine you would rather I answer that, Mr. President.

That question is being researched right now, it is my understanding, by another Deputy City Attorney. It is my understanding that the opinion will be forthcoming within the next day or two.

MR. MURPHY: Very well. Well, maybe the Director has some accumulated overtime or day off that he could take the next two days, and we will await the City Attorney's opinion.

PRESIDENT RUDDEN: We have a motion before us. May I have a second?

COMMISSIONER GOLDMAN: Will you repeat the motion?

COMMISSIONER MORRISON: The motion is that this Commission takes no further action with respect to the status of the Director of the Port of San Francisco or the identity of the Director of the Port of San Francisco, pending further advices from the City Attorney.

COMMISSIONER GOLDMAN: Is that satisfactory to the City Attorney?

MR. LYNCH: Yes, it is.

COMMISSIONER GOLDMAN: I will second it.

(The motion was carried unanimously: Commissioners

Bridges, Goldman, Morrison and Rudden - aye: Commissioner Rothenberg - absent.)

MR. PURPHY: I thank you, Mr. President and your Commission, for your courtesies.

(Whereupon the meeting adjourned at 11:35 a.m.)

SAN FRANCISCO PORT COMMISSION

SPECIAL MEETING

Minute

January 16, 1978

FEB 6 1978

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Board Room

Ferry Building

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SAN FRANCISCO, CALIFORNIA 94103
PHONE 434-1055

COMMISSIONERS PRESENT:

James J. Rudden, President

Richard N. Goldman

Jack Morrison

Alan E. Rothenberg

COMMISSIONERS ABSENT:

Harry Bridges

ALSO PRESENT:

Thomas T. Soules, Port Director

William Lynch, Deputy City Attorney

William J. Murphy, representing Mr. Soules

P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order?

Are you ready, Mr. Counsel?

MR. LYNCH: Yes, sir.

PRESIDENT RUDDEN: The purpose of this meeting is to consider terminating the employment of Thomas T. Soules as Port Director of the San Francisco Port Commission.

Does everybody have a copy of the City Attorney's opinion on this?

Let the record show that everybody has a copy.

Here is a letter from Harry Bridges waiving notice regarding this meeting. Unfortunately, he made arrangements a couple of weeks ago or a couple of months ago that he had to attend out of town, so would you make this a part of the record, please.

This is an open meeting to the public.

Mr. Soules, do you care to address us? As you know, this is the pregrogative of the opinion the City Attorney has delivered. Is that correct?

MR. LYNCH: That is correct, sir.

First, I would like to say that Mr. Huntsman, for the record, the Secretary of the Commission, has informed me that notice of the special hearing was issued pursuant to the Brown Act.

My advice concerning the privilege of the floor, which was previously requested by Mr. Soules, is that this Commission is not required to give him, under law it is not

required to give him that privilege. However, the Commission does have the discretion to give him that privilege.

COMMISSIONER GOLDMAN: Mr. Chairman?

MR. WILLIAM J. MURPHY: Mr. President, before you proceed any further --

COMMISSIONER GOLDMAN: Mr. Chairman, before we proceed, could the Commission be informed by the attorney as to what the conditions of service at the Port Commission are?

MR. MURPHY: Before you proceed with that, Mr. President, regarding notice, which is a condition preceding you conducting this meeting, I have a question to ask of the City Attorney, through the Chair.

PRESIDENT RUDDEN: Go ahead.

MR. MURPHY: Has 16.5 of the Administrative Code of the City and County of San Francisco been complied with? Your reference was that notification has been given pursuant to the Brown Act. This Commission is governed by the Charter or the City and County of San Francisco. I think it is Section 3.500(g), plus the Administrative Code, Section 16.5, which I believe is spelled out, the language is used on Page 4 of the City Attorney's opinion of January 12, 1978 in Paragraph 4, and if that notice has been complied with, and the record can reflect that that notice has been complied with, then this meeting can go forward, but until such time as there is something in the record other than hearsay, I will object to this special meeting proceeding until there is some evidence that the notice required by law has been complied with.

MR. LYNCH: Mr. President, the language in

Paragraph 4, although it may also be in the Administrative Code, is a restatement of that provision of the Brown Act, and Mr. Huntsman has informed me that this has been complied with.

If you desire, Mr. Huntsman can be called to make a statement to that effect before this Commission.

MR. MURPHY: I think that is a condition precedent to this meeting proceeding.

The language that has me confused is that each local newspaper, radio or television station requesting notice in writing must be given notice at least 24 hours before the time specified in the notice.

Now, this is something new to me.

COMMISSIONER MORRISON: Well, Mr. President, let's have Mr. Huntsman in and find out what he did, and whether that complied with the law.

(Mr. James E. Huntsman, Secretary of the Commission, was here called.)

PRESIDENT RUDDEN: Mr. Huntsman, can you explain in detail the notices that you sent out, and to whom, regarding this meeting?

MR. HUNTSMAN: Regarding this special meeting? Yes, sir.

We have a procedure set for notifying the commissioners, the press, and all individuals who have asked to be put on the mailing list for agendas of Port Commission meetings.

We followed that same procedure with this special

meeting by sending out these notices by mail. Approximately 127, to the best of my knowledge, went out by mail. However, the commissioners' notice was sent by special messenger, along with a special messenger to Mr. Soules and his attorney.

MR. SOULES: For the record, I was given a copy on Friday morning when I was here in the office. That was the only copy I received, the one I was given. Mr. Lynch can explain that.

COMMISSIONER MORRISON: If I may, Mr. President.

Mr. Huntsman, when did the mailed copies get dropped in the mail?

MR. HUNTSMAN: Thirsday night at 5:00 p.m., sir.

COMMISSIONER MORRISON: And those that were delivered by hand, when were they delivered?

MR. HUNTSMAN: They were delivered Thursday afternoon, past.

COMMISSIONER MORRISON: Mr. President, it would appear to me that ample notice has been given.

PRESIDENT RUDDEN: It would appear to me, too, but, Mr. Murphy --

MR. MURPHY: I am wondering if there are certain newspapers, radios or television stations that have on file with the City and County of San Francisco requests for notice of board and commission meetings, and they should receive those 24 hours before the time specified in the notice.

I don't know who they are, and it sounds to me like you have a procedure here, but this language is in there for some reason.

PRESIDENT RUDDEN: Well, Counsel?

MR. LYNCH: If the letters were dropped in the mail Thursday evening, I think it is a fair inference that all the radio or TV stations requesting the notice, and local newspapers, and all individuals requesting the notice, have received it.

In addition to that, I think it is common knowledge that there have been several references to this meeting in the local newspapers and on the local radio stations, and if someone did not receive this notice I think you would have heard from them by now.

I see no objection to proceeding with this meeting.

COMMISSIONER ROTHENBERG: Mr. President, I think when we last went off the track, Mr. Lynch was going to explain to us the nature of pleasure appointments, and what our powers were regarding that.

MR. MURPHY: Would it be appropriate for me to sit here or over there?

MR. LYNCH: The Port Director works at the pleasure of the San Francisco Port Commission. This means that the Port Commission can terminate the appointment of the Port Director for any reason whatsoever, regardless of how insignificant or how substantial that reason may be.

PRESIDENT RUDDEN: With that in mind, has anybody anything to offer at this point?

MR. MURPHY: May I respond?

PRESIDENT RUDDEN: Yes, you may.

MR. MURPHY: Thank you, sir.

COMMISSIONER GOLDMAN: Excuse me. Before response, does the technicality of a meeting require a motion before discussion, or what is the procedure?

MR. LYNCH: That procedure is up to this Commission, whether they would like to hear remarks at this time, or whether they would like to make a motion first.

COMMISSIONER MORRISON: Mr. President, so as to get the matter before us, I will move at this time that the employment of Mr. Soules as Director of the Port be terminated, and that termination be effective immediately.

COMMISSIONER ROTHENBERG: I will second the motion, Mr. President.

PRESIDENT RUDDEN: Is there any discussion on that point?

MR. LYNCH: I might state for the record here that Mr. Soules has requested the privilege of the floor. It would be appropriate at this time for the Commission to respond to that request.

PRESIDENT RUDDEN: Mr. Murphy?

MR. MURPHY: Yes, sir.

PRESIDENT RUDDEN: You are speaking for --

MR. MURPHY: At this point.

PRESIDENT MURPHY: Just a minute.

Mr. Murphy, you are requesting the privilege of the floor?

MR. MURPHY: Yes, Mr. President.

On January 13, 1978 there was a memorandum to you, as President, from the Port Director, requesting that this

meeting that you are now conducting be open to the public, and that he be accorded the privilege of addressing the Port Commission prior to their decision and in the course of their public meeting.

PRESIDENT RUDDEN: I am inclined to grant that. I would like to know how much time you would require.

MR. MURPHY: Would 15 minutes be a reasonable request, sir?

PRESIDENT RUDDEN: It would, so we will allow you to speak for --

MR. MURPHY: I am not going to speak for 15 minutes.

PRESIDENT RUDDEN: I am saying we will allow 15 minutes for your presentation, and that will be that.

MR. MURPHY: Very well, sir.

PRESIDENT RUDDEN: And Mr. Soules will not speak?

MR. MURPHY: He will speak as soon as I am finished. I will take about 30 seconds, and a total of 15 minutes, including his time and mine.

PRESIDENT RUDDEN: Okay.

I will ask our counsel to take the time on this.

MR. MURPHY: Gentlemen, the reason that Mr. Soules wanted to make a public presentation is that he feels that his interests in continued employment is an interest he has, pursuant to the Constitution of the United States of America and the Constitution of the State of California, in his good name and reputation, and in all fairness this dictates that he be accorded certain procedural safeguards.

And, speaking as he will today, he speaks for every

appointive position holder in this City who has a proper expectation of continued employment as long as their work performance is satisfactory.

Mr. Soules, would you change seats with me, please, and afford yourself of the privilege granted you by the Port Commission to address them prior to taking any action on the motion before them?

MR. SOULES: Thank you, Mr. Rudden and Mr. Murphy.

There has been considerable confusion as to why I was coming to Commission meetings, and there has been considerable confusion as to why I came to this office and tried to fulfill the legalities of my job, and I believe it is clear now to everyone that, if I had allowed this to go for a much longer time, the problems for all of us would have been much more difficult. I moved as quickly as I could to clear up the legalities which I pointed out at the time I was fired in the secret session, and it is very clear that there was something wrong with that procedure and, of course, the Commission itself made no effort to clear up those illegalities on their own, so in order to get the matter settled as quickly as possible, I moved in this way.

I would have to say that never at any time have I received any criticism from the Port Commission as a whole or as a group as to any lack of diligence or failure to carry out any directive, policy or legal obligation as Port Director.

Also, I never received any order or suggestion from the Commission or from the Mayor that I should alter my Port management activities in any way to bring about better

overall results, with the single exception of a request from Mr. Goldman which I considered out of order, and which I reported to Mr. Rudden, Mr. Morrison, Judge Arnold and Mr. Bridges at various times.

I, of course, am serving at your pleasure, and when I cease to serve at your pleasure, there must be some item of displeasure, and I think I have, on behalf of myself and on behalf of the future port directors, some right to ask, in what way are you displeased with me, particularly as two former port directors have indicated to me many times that they felt their dismissals, which they were kind enough to accept the request and resign, were as a result of unseen forces.

Therefore, for the benefit, the City and the public, I thought it was better to bring out some points.

Now, one of the first things I did here was to solve the Mission Creek houseboat crisis, which was getting into a Gate 5, Sausalito problem, and I ask the Commission if this matter displeased you in any way.

The number two item, through diligence and cooperation from all concerned, the outstanding problem of the fire boat, that expense which was over $1,000,000, I arranged with Chief Casper, the Mayor and other people to bring that down to under a half a million dollars. I see that they are now trying to bring it back up to $1,000,000, and I wonder if that in any way displeased the Commission.

I found that I had the right to bring in non-civil servants, and in my term of office I brought in three:

Mr. Taormina, Mr. Herren and Mr. Matsui, all of whom I believe were outstanding individuals and did an outstanding job, and I wonder if my selection of these employees in any way encouraged your displeasure.

I was able, with the help of Mr. Herren, to make a tremendous reduction in the accounts receivable, with great pressure from the Commission. I note that on September 30 -- and I note that I was first asked to resign on, I believe, October 4 -- the accounts receivable in total were $913,984, and now, on December 30, I note that the accounts receivable are $1,635,213, an increase of $721,000 plus, with total silence from the Commission on this increase, and I wonder if somehow my activities in collecting money from our tenants has displeased the Commission.

I obtained, as you know, the first significant federal aid for the Port in the matter of $5,000,000 for the promenade. I also obtained from the Federal Government, EDA, over $1,000,000 for Pier 35, another $439,000 for various projects, and I notice that these were allowed to go by the board, with no complaint from the commissioners, and I notice that Mr. Bridges' plea for UMTA funds, which I shared in, were allowed to go unresponded to by the board. Therefore, over $2,000,000 has been spurned or lost in the last five months, with silence from the Commission, and in view of our tremendous financial problems, I wonder if I was somehow remiss and somehow incurred your displeasure by getting these federal funds.

I arranged for the Prudential Line lease, with

some controversy, for Piers 30 and 32, and I wonder if that brought about your displeasure, and the movement of Crown Zellerbach from Pier 45 to 48.

I obtained an insurance settlement for Pier 37 in excess of $2.9 million, and it is in the record of commission meetings that this would have an adverse effect on our insurance, and I wonder if this incurred your displeasure, but I note for the record that all ports on the Pacific Coast, regardless of settlements, are in exactly the same insurance position as the Port of San Francisco.

I brought in the first significant private development with the Soros Bayshore Bulk Terminal, Pier 94, and I wonder if bringing in private, rather than having public-financed facilities, has incurred your displeasure.

I brought in the Warren Simmons project, which I felt was the first private investment in real estate in a major way on the waterfront, and I wonder if that brought about your displeasure.

I had the removal of the Hyde Street Pier, where a child possibly was killed, in December of '76, and got started on the Fisherman's Wharf project, which had been ten years stagnated, and I wonder if that brought about your displeasure.

I kept the Port off the tax rolls, even though Harvey Rose, as State Controller and as City financial controller, I believe, or auditor, said in 1974 it would go on in the next few months. The majority of the board urged me to keep the Port off the tax rolls at any cost. Other

board members said that we had no choice, and the choice was gone, and we were going on the tax rolls. As a matter of fact, a year ago the statement was, just wait for the audit. You will be on the tax rolls. The same things are being said this year. But I, of course, kept the Port off, and I wonder if keeping it off has incurred your displeasure.

The Port increased tonnage for the first time. After dropping from 7,000,000 tons down below 3,000,000 tons in the year of '76, the tonnage for the first time responded and grew by 200,000 tons, and I wonder if that incurred your displeasure.

I brought in new automobiles, Fiestas and many others, to Pier 72. That is a vital project, and I wonder if somehow that incurred your displeasure.

I brought POTCO to Pier 27 in place of California Stevedore & Ballast, and I wonder if that incurred your displeasure, or changing CS&B from Pier 45 to Pier 80.

I had three consecutive civil grand jury reports very favorable to me, and I wonder if somehow that incurred your displeasure.

I stopped further construction of Pier 94 immediately upon assuming office, to stop pouring bond money into Pier 94 until a tenant was secured. I wonder if that has incurred your displeasure.

I continued the economic fill of Pier 98, in spite of questioning from our commissioners. That was approved in general, and I did that.

I retained all major maritime tenants over three

years, except the loss of Merritt, as Pier 94 was delayed due to cranes. That was offset by getting new business, the Farrell and Columbus lines, and I wonder if keeping maritime business in the Port, after the tremendous decline we had prior to my coming here, incurred your displeasure.

I have kept the Belt Line Railroad alive without additional cost to the Port.

I brought the Ferry Building into the black, after years of losses.

I made possible the transfer of the State Historic Prk to the Golden Gate National Recreation Area after the legal officers were deadlocked on it, made a simple solution to accommodate the Golden Gate National Park. I wonder if that was something that was wrong.

Now, it brings me to four particular areas of conflict.

The Port Director's salary and travel has been continually criticized, even though the law provides that I have the right to do that, and even though the Commission approved, and I thought I was incurring your pleasure when the majority said I should do these things.

I think the Hunters Point situation is an obvious matter of some concern, even though all the commissioners urged me over and over to be even more aggressive in getting Hunters Point, and I notice that Mr. David wrote a letter on December 28 to the City Attorney which in effect changed the Port policy, and said that Hunters Point was not necessary to the Port at this time, but in such a way it was precluded

for all time.

I note for the record that I sent a reply this morning to the City Attorney correcting the misstatements made by Mr. David.

I notice that the ship lay-up problems, where Hunters Point is using Port funds, taking Port funds, which there has been no public protest, even though the FMC has written to Mr. Engel telling him to stop until he does that in a legal manner, and it is against the law of the City.

I notice that the Port solvency, which has been a major issue here, and which certain ones say it is inevitable to keep us off, and our policies are wrong, I notice that, in spite of our very sensitive financial position, over $2,000,000 of federal money has been turned down, which certainly would have kept the Port in the black, and I notice that the action taken to get the state bond indebtedness removed has been stagnant for six months.

I wonder if there is some problem in that, and I am sure, as an employee and a bondholder, I am concerned with that.

I am also concerned, finally, on the conflict of interest, and I think that the minutes of the meeting of October 12, Pages 66 to 76, make it very clear that there is conflict of interest, without both votes. I have asked for an investigation on that. I think there are many other instances in our minutes, without votes, where there is conflict of interest by the commissioners, and that is one of the reasons I asked for a review by the grand jury and

by the City Board of Supervisors.

Therefore, I think I have asked you many questions, and I would like to know if there is any way you could tell me how I have incurred your displeasure, particularly as the board members themselves have been on record as saying we must be more open with the public, and we must get more advice, and communicate better.

I would like to know how the next port director can protect himself from being in exactly the same position as I am, or the port directors to follow, or any other civil servant, or any other people in appointive positions can protect themselves without fear of losing their jobs, if there is no statement at all from you people.

MR. MURPHY: Mr. President, the most important effect of this public statement by the Port Director is that the Port Commission will have an opportunity to make any replication that any of them feels would be necessary at this meeting, either collectively or individually, and I think in all fairness some of the things that the Director has said cry out for some type of replication from this Commission.

Anticipating the vote of this Commission that will dismiss the Port Director, I most respectfully request, on behalf of the Port Director, all accrued benefits back to November 15, 1977, including but not limited to his vacation accrual, his sick time, his accumulated overtime and his salary through the date of dismissal.

Mr. Soules has indicated to me that he is willing to cooperate with this Honorable Commission to undo any

acts that may be later challenged by anyone by virtue of the fact that you designated an acting port director when in fact he was the true Director, and he will affix his signature to those documents that require the signature of the Port Director, and correct what some lawyer down the road might feel challenges the legal efficacy of any action taken by your Honorable Commission up to this point here.

PRESIDENT RUDDEN: Are you finished?

MR. MURPHY: That concludes, and most sincerely and most respectfully, on behalf of the Director, we thank you for this opportunity of making this public declaration.

PRESIDENT RUDDEN: I believe that we have listened patiently. I believe it is the consensus of the Commission that we disagree with much of what was said, and without getting into any analysis, but in the overall, exercising our privilege that the Port Director serves at our pleasure, we have a motion before us.

Before going into that motion, I would like to ask our counsel, with reference to salary and so forth, what the status of that is. We do not have any control over that.

MR. LYNCH: As far as vacation and sick time are concerned, this is handled by local ordinances, and this Commission does not have any power over that.

As far as accumulated overtime, the Director is what is known as a "Z" employee. The rights to accumulated overtime cease upon the termination of employment.

PRESIDENT RUDDEN: Does that satisfy you, Mr. Murphy?

MR. MURPHY: Well, if the right to accumulated

overtime ceases upon termination of employment, I think the fairest way of handling it would be to dismiss him upon a conclusion, effective when the accumulated overtime expires.

COMMISSIONER GOLDMAN: Mr. Chairman, isn't it proper that Mr. Soules be entitled to whatever benefits are due him under the law, and that that is an administrative matter that you resolve after this meeting?

MR. LYNCH: As far as the benefits accruing since November 15, that is correct, except for accumulated overtime. That is the only matter which this Commission would have discretion over.

COMMISSIONER MORRISON: Mr. President, I think we ought to move to a decision.

My motion was to terminate the employment of Mr. Soules as Port Director effective immediately, and I would like to add to that motion that it is made pursuant to Section 3.581 of the Charter of the City and County of San Francisco.

Mr. President, as I look on it, we are exercising our power under that charter section, and we are saying that this Port needs new executive leadership.

Now, the question of whether we have correctly diagnosed the problems of the Port, and the question of whether we are wise or unwise in taking this action, may lead to some disagreement. Nevertheless, the responsibility is ours, and it is we that will be held responsible for this action, and I think we can do no less than to act in such a way as to further the best interests and the development

of the Port of San Francisco, and I think we ought to come to a vote.

COMMISSIONER ROTHENBERG: I will second the motion.

MS. MAUREEN KOLTUGIN: Mr. President, can the public speak before you vote? May the citizens have a word before you vote?

PRESIDENT RUDDEN: How many citizens are here that would like to speak?

(Two members of the audience raise their hands.)

PRESIDENT RUDDEN: I will give you two minutes, and I will give you two minutes, and then we will conclude this.

MS. KOLTUGIN: That is all I want. I am Maureen Koltugin, and I am one of the irate citizens who think this is a very unfair and a very highly politically-motivated move.

On the day that Mr. Soules was dismissed I called and tried to get in. I knew that you were in violation of the Brown Act. If I knew it, I can't understand why you, Mr. Morrison, as a former member of the Board of Supervisors, being quite familiar with the Charter, wouldn't have known it.

I think your whole procedure is illegal, unethical, immoral, and any other word that you want to go in connection with that.

I would like also, as Mr. Soules said, to know, what reason have you for firing him. From your counsel, it is very well seen that you are a free-wheeling agency. I think you are doing a great detriment to the City of San Francisco, and I believe the citizens of this City want a port, and they

believe that Mr. Soules will do as fine a job.

I think you have acted most illegally and imorally, and the citizens are irate about it, whether they are here or not.

Thank you.

MR. DON ROTAN: Don Rotan, Marine Cooks & Stewards Union. A number of the commissioners know me.

I have been very much interested and connected in this waterfront for quite a number of years. As a matter of fact, I worked with Mr. Golden as a commissioner on a committee trying to supposedly develop the waterfront, or at least a plan.

But during the years that Mr. Soules was the Director, we of the maritime labor, AFL-CIO Maritime Trades Department, have known the improvements being made, against great odds, much of which he has just recited.

There was no great difficulty or problems with him until Mr. Goldman and Mr. Morrison became commissioners, and it is in part myself, on behalf of my union, and the maritime labor unions I represent beyond my union, that this is a kangaroo court procedure. It was in November, and it continues to be nothing more than a hatchet job on Mr. Soules, and this action that you take today will mean that from now on for the foreseeable future San Francisco will be unable to get a capable and competent Port Director unless, of course, Mr. Goldman becomes it, which I am sure in his opinion he is perfectly capable, as Mr. Morrison is.

But, as we see, Mr. Morrison and Mr. Goldman are

aware of the Yerba Buena mess, and they are going to make the waterfront a mess.

Mr. Soules, wherever you go, believe me, you have San Francisco's maritime labor behind you.

PRESIDENT RUDDEN: All right. Let's proceed with the vote.

We have a motion before us and a second, so I call for a vote.

(The motion was carried unanimously: Commissioners Goldman, Morrison, Rothenberg and Rudden - aye; Commissioner Bridges - absent.)

COMMISSIONER MORRISON: Mr. President, at this time I would move that the Deputy Port Director, Mr. David, be made interim Director of the Port of San Francisco, effective immediately.

MR. MURPHY: I will object, on the ground that it is not on your agenda and is not part of your special meeting procedure. Therefore, as of this moment you have no port director, and as of this moment you don't have any authority to appoint anyone in Mr. Soules' place.

So San Francisco now, as a result of the action taken by you gentlemen today, has no port director.

COMMISSIONER ROTHENBERG: As I understand it from our counsel, doesn't the Deputy Director become the Director when the Director is absent?

MR. LYNCH: It might be wiser to table appointing an acting director.

MR. MURPHY: I object to anything being discussed

other than the dismissal of the Director at this meeting, because this meeting has been called for one purpose only.

This was the most cowardly display by politicians that I have seen in San Francisco --

COMMISSIONER MORRISON: Mr. President.

MR. MURPHY: -- when you remain silent.

COMMISSIONER MORRISON: You have had your chance to speak.

(Several voices at once.)

COMMISSIONER MORRISON: Is it a fact that the Deputy Director becomes Director?

MR. LYNCH: That is correct.

MR. MURPHY: Your meeting is over, gentlemen.

PRESIDENT RUDDEN: Well, do I have a motion to adjourn?

COMMISSIONER GOLDMAN: So move.

(The motion was seconded, whereupon the meeting adjourned at 9:55 a.m.)

ORIGINAL

SAN FRANCISCO PORT COMMISSION

Minutes

REGULAR MEETING

January 25, 1978

FEB 15 1978

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COMMISSIONERS PRESENT: All:

James J. Rudden, President

Harry Bridges

Richard N. Goldman

Jack Morrison

Alan E. Rothenberg

COMMISSIONERS ABSENT: None.

ALSO PRESENT:

Edward L. David, Port Director

Julius E. Herren, Bureau Chief, Finance & Administration

James E. Huntsman, Administrative Services Officer

William Lynch, Deputy City ATtorney

Anthony J. Taormina, Deputy Port Director

Harry J. Thiemann, Commercial Properties Manager

C. L. Vickers, Jr., Chief Engineer

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P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order, please?

I guess the first item is the approval of the minutes.

MR. HUNTSMAN: Good morning, Mr. President.

Request approval of the minutes of the meeting of January 11, 1978, with one correction, the year, indicated as 1977, be corrected to 1978 on the front sheet, a typgraphical error.

PRESIDENT RUDDEN: With no objection, that is approved.

(The motion was approved unanimously.)

PRESIDENT RUDDEN: Go on, Mr. Huntsman.

MR. HUNTSMAN: Item No. 3 is a special order, appointment of the Acting Port Director.

COMMISSIONER GOLDMAN: So move.

COMMISSIONER BRIDGES: Second.

COMMISSIONER MORRISON: Mr. President, I think we ought to specify, Ed David is the subject of the motion.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER GOLDMAN: I would like to make this comment.

I think that during the past two months, where we have had a considerable amount of difficulty in functioning for purposes that really were not in the best interests of

the Port, I want to compliment Mr. David. He took over in a very difficult situation, and all I know is what I hear, and from every vantage point, whether it be maritime or customers or staff or city agencies, potential customers of the Port, everybody that I have heard from has been very complimentary of Mr. David and, through Mr. David, of the staff, for the job that they are doing in performing the functions and establishing a better understanding with the community.

I think it is due time that reference be made, and I am pleased to make that statement.

MR. DAVID: Thank you.

MR. HUNTSMAN: Item No. 4, an Executive Office report by the Acting Port Director. Mr. David?

MR. DAVID: Mr. President, I have a number of items.

The first, I would like to inform you that CAPA, California Association of Port Authorities, is holding a reception for the members of the Legislature tonight in Sacramento, and I understand Mr. Bridges will join us at this reception.

Secondly, Senator Marks has sent me a letter asking that I attend a meeting next Monday of, as he puts it, Northern California maritime officials, to discuss the feasibility of a Bay Area port authority, and I just wanted you to be aware that such a meeting is taking place here in San Francisco.

COMMISSIONER BRIDGES: When is that?

MR. DAVID: Next Monday morning at 9:30, in the

State Building.

COMMISSIONER BRIDGES: I tried to check on Milton yesterday, and he was laid up. He has got the flu. He might be back on deck Monday.

MR. DAVID: Further, I wanted to bring to your attention that we have an emergency situation at Pier 80. We have had some damage done to our PACECO crane.

MR. VICKERS: No, to the Star crane.

MR. DAVID: To the Star crane, and we are asking your authority to spend up to $25,000 to correct the problem.

COMMISSIONER BRIDGES: What happened?

MR. DAVID: Mr. Vickers?

MR. VICKERS: Well, we are really not sure yet. We are investigating, and it could be due to the time that the crane collided, when its boom was down, with a ship at Pier 80 three or four months ago. It could be related to that, or it could be related to some other matter we are not sure of yet, but we have asked Mike Jordan, who is an expert in the field of container cranes, to look at it with us, and he is out there right now with one of his staff and Bill Peleaux, my assistant, looking at the thing right now.

We think there is a bearing failure in one of the legs where they all pin together, and Jim Riemers has told me there are ten ships due out there in the next week or two, and we have got to get that crane put in shape.

COMMISSIONER BRIDGES: It was in bad operation, as far as driving the crane?

MR. VICKERS: You can't use it now.

COMMISSIONER ROTHENBERG: He doesn't know whether one of our tenants who used it previously caused the damage or not?

MR. VICKERS: No. We have to find that out. We will be able to tell you that after we make our investigation.

PRESIDENT RUDDEN: How did you determine the $25,000?

MR. VICKERS: We found out that, if we have to dismantle the corners to get to the bearing, it is going to cost the rigging company $17,000, and I just added $8,000, because I don't know what it is going to cost.

COMMISSIONER BRIDGES: Are we covered? Do we foot the bill?

MR. VICKERS: It depends on the cost. If it is a warranty thing that we can go back to the original manufacturer on, we could do that. If it is damage caused by the use of the crane, we can go back on that. If it is a third factor, we have to --

COMMISSIONER BRIDGES: That is why I asked the question, is it damage caused by use of the crane?

MR. VICKERS: We will have to determine that when we dig into it.

COMMISSIONER GOLDMAN: You said this might have happened three or four months ago. Does that infer we haven't used the crane for three or four months?

MR. VICKERS: No, we have used it. At the time of the initial shock we asked Mike Jordan to come over and

look at it with us, and he did, and his recommendation at the time was that there was no visible, apparent damage at that time, and to continue using the crane and take measurements and watch, and that is what we have been doing, and this showed up on the 13th, and I might say in a driving rainstorm when we were out there.

COMMISSIONER BRIDGES: We've got no alternative.

MR. VICKERS: No.

COMMISSIONER GOLDMAN: Do you require a motion on this?

MR. HUNTSMAN: Yes, we do.

COMMISSIONER ROTHENBERG: I will move the motion.

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. DAVID: Lastly, I would like to bring to your attention that Supervisor John Molinari has introduced an ordinance at the Board of Supervisors. They have had the first reading.

By this ordinance it requires that we pay the full cost of the fireboat, which runs approximately $1,000,000 a year. They will have another reading next Monday on the ordinance. Mr. Lynch tells me that this ordinance can be enforced, and that indeed we will have to pay if it is passed.

I have some question about that, but he has studied some opinions, and indicates that the ordinance would cause us to come up with $1,000,000. Is that right?

MR. LYNCH: I am not aware of all the facts involved. What I advised is that there are two opinions by the City Attorney, one issued on May 12, 1970 and one on December 30, 1971, and they are interpreting the Transfer Agreement regarding this fire service.

What it comes down to is, under the agreement transferring the Port to the City, the Port is obligated to continue, out of its revenues, to subsidize those fire services in effect prior to the agreement. Any additional services would have to come out of City funds.

So the question is whether what we are talking about here is the same service that was in effect prior to the agreement. If that is the case, then the Port is required to pick up the bill.

COMMISSIONER MORRISON: Mr. President, it is my understanding, Mr. David, that the measure before the Board is a repeal of the appropriation ordinance for salaries for the firemen. Isn't that correct?

MR. DAVID: A repeal? Yes.

COMMISSIONER MORRISON: So it is not an ordinance requiring us to operate a fireboat.

COMMISSIONER ROTHENBERG: It just terminates the firemen.

COMMISSIONER MORRISON: It simply terminates the salaries of the firemen. Isn't that correct?

MR. DAVID: That's correct.

COMMISSIONER MORRISON: Now, you say that it has had a first reading. Do you mean by that that it has been

before the Board and voted upon for the first time?

MR. DAVID: Yes, last Monday.

COMMISSIONER MORRISON: What was the vote?

MR. DAVID: We don't know, other than the fact that it passed on the first reading.

But Mr. Lynch has informed me, and again, here I have some problem, it would indeed force us to pick it up.

COMMISSIONER ROTHENBERG: No. We can't be forced to pay the --

COMMISSIONER MORRISON: Mr. President, it seems to me that no one can force us to enact a supplemental budget for those salaries, and that is what the issue will be.

PRESIDENT RUDDEN: I asked Mr. Lynch about this, and we had quite a discussion yesterday. This is a new idea. I did say that I thought we could discontinue the use of the fireboat. Of course, I don't know what would happen with the insurance companies, but this puts a little different connotation on it, as I see it, in that we are not being forced to pay something. The Fire Department budget is going to suffer, I assume, by this, by the reduction of the number of firemen.

So that places a little different viewpoint on what you and I were talking about, Bill, yesterday, about whether this was a proper motion before the Board. I think we have to have some real in-depth study from our own standpoint as to what the effect of a lesser number of firemen would be, number one, and, number two, what our ability is to pay it, and who pays it if we don't. It is a general-fund item, as

I see it, if our budget is approved as it is at the present time.

COMMISSIONER MORRISON: Furthermore, Mr. President, our studies show that you can get adequate fire protection for half of the $1,000,000 or the $900,000 that the Fire Department requested, so we have asked for and participated in the appropriation of enough money to provide this protection.

PRESIDENT RUDDEN: That's correct.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to comment.

Firstly, to my best knowledge, the maintenance of the fireboat by the City has no effect on the fire rating standards for the community, which was true some years back. I think a number of people think that there is a dependence upon our maintaining this boat in order to maintain a preferred rate for fire insurance purposes. I don't think that is so.

Number two, I think Supervisor Molinari, if I read his statement correctly, and I only depend upon what I saw in the newspapers, has the impression that by passing this additional cost back to the Port, we have a surplus that will absorb it. I don't think that will prove to be so, and so whether it is forced upon us or whether it goes through the present structure, it is all going to evidently come out of the general fund.

Finally, I don't know at what pace the Fire Department is proceeding in obtaining the replacement boat,

which I believe was passed by Proposition A of the last election. I think they should move post haste if that is the procedure that is anticipated to be followed. It would be fine for us, because then we would have the opportunity to dispose of this boat, since it is Port property.

I am still not clear as to how that will be manned. I haven't studied the proposition. There is a doubt as to whether it would then become a total responsibility of the Fire Department or whether the Port would still be called upon to provide some of the personnel costs.

I would rather not editorialize now, but I think there are a lot of questions to be raised. They were raised seriously a year ago, which led to the position where the cost is being split between the general fund and ourselves. That seems to have been somewhat begging a basic issue, and that is the viability of the boat itself, which I still think looms large in the minds of some of us, but that is another matter.

MR. LYNCH: One point I would like to make, to make sure there is no misunderstanding. The 1971 opinion dealt with the specific issue of the possibility of the Port Commission discontinuing financing the Fireboat PHOENIX, and the City Attorney concluded at that time that, absent the approval of the Board of Supervisors, the Port Commission was obligated to continue the Fireboat PHOENIX in operation, under the Transfer Agreement.

PRESIDENT RUDDEN: Under what conditions?

MR. LYNCH: I don't understand.

PRESIDENT RUDDEN: If you have a fireman, and I

believe we talked about an engineer --

MR. LYNCH: Right.

PRESIDENT RUDDEN: If there was an engineer on the boat at all times, or maybe two or three, the firemen could be moving in from other fire stations, you see.

If we continue to operate the fireboat, how do we do it? What is it going to cost?

MR. LYNCH: We have to fund the same services that the Port Commission provided prior to transfer from the State to the City.

PRESIDENT RUDDEN: That was about $350,000.

MR. LYNCH: The interpretation in the City Attorney's opinion was in terms of services, not in terms of costs.

COMMISSIONER ROTHENBERG: I think the issue is, given how rarely the fireboat is used to fight fires as opposed to greet visiting ocean liners, the real issue is, how often do we really need to have the eight or nine extra men who sleep there every night but are never used for fire services, when there is a fire station four or five blocks away.

As I understand it, most other communities who have a fireboat simply keep an engineer or a pilot on full time, and on the very rare occasions, I doubt if it would be once a month, or maybe even every four or five months, they have to fight a fire on the maritime side, they just move a crew of firemen onto the ship to do those things that firemen do.

COMMISSIONER GOLDMAN: Commissioner Rothenberg,

a year ago we discussed the very same thing, and the problem is -- and I don't know how the community responds to these kinds of issues -- what you are saying is absolutely right. It is as obvious as the nose on one's face.

At the same time, we have in our Fire Department a certain resistance to being practical about an issue like this, and I think that ultimately it is the community that has to share in the burden, and if they are looking for ways to cut down on the cost of government, I can't think of a better place to start that right here, because there are firemen available. The firehouse is nearby. It just doesn't make sense.

It is a pressure situation, and we had to, unfortunately, back down under it a year ago. I hope one of these days we can stand up to it.

COMMISSIONER ROTHENBERG: The only question I am raising, Mr. President, was, as I understand what Mr. David mentioned before, if Mr. Molinari's proposition succeeds, all it would do is make unemployed the next morning twenty-three firemen.

PRESIDENT RUDDEN: Well, no. If what Mr. Lynch says, we must provide the same services as before.

Now, what I would like to know is, how do we get from the $350,000 to $1 million? Does that represent the same services? I think we ought to make a study to determine what we were doing for $350,000, and what we are doing now.

MR. DAVID: It does not, because at the time we transferred from the State to the City, as you know, under the

Harbor and Navigation Code, it called for $350,000, and that is the amount we transferred to the City. Regardless of what it costs them to operate the boat, we only contributed $350,000, and it was considerably more than that.

COMMISSIONER ROTHENBERG: We have the numbers right here, and what is interesting is that that million dollars is all personnel. It doesn't include any expense for the ship.

PRESIDENT RUDDEN: What I am thinking of is that you have got this here.

COMMISSIONER ROTHENBERG: And it says $200,000 is for the pilot and the engineer.

PRESIDENT RUDDEN: Right. But I was thinking of going back further and making comparisons of what you have right there.

You see, where have we changed?

COMMISSIONER ROTHENBERG: I understand. I don't mean to belabor it, but as I understood it, if the Board of Supervisors on the second reading passes this, what they are doing is rescinding the authorization under which those twenty-three firemen served.

As I understand it, the next result is, the next morning we have twenty-three very unhappy, unemployed firemen, and we still own the fireboat, of course, and we would have to somehow make arrangements to have at least an engineer and pilot there to make sure the fireboat is kept in good repair.

But there is no way, as I understand it, that suddenly they can come to us and say, now we want you to pick

up the salaries of these firemen and start paying them as your employees. They can't do that. They can just come to us and say, "We want you to chip in half a million dollars," and as many days as we say "No," we have twenty-three unemployed firemen. Isn't that the net result?

MR. DAVID: That is what I understood to be the net result.

COMMISSIONER ROTHENBERG: I just find that rather amusing, since the Fire Chief's wife was Mr. Molinari's campaign chairman.

COMMISSIONER BRIDGES: For my part, I can't see how this can be resolved by a legal opinion. Let's assume that in the transfer resolution there is a commitment there that can be construed that we have a legal obligation to finance and support a fireboat, but that doesn't answer the question, do we need a fireboat.

Now, all right, a few years ago, when the transfer took place, that was a different thing. Times changed. Nobody, in my opinion, except this Commission can decide whether we need a fireboat. We can tell the Board of Supervisors, "Mind your own business. We know down here whether we need a fireboat for the waterfront end." I think we make that decision first.

If the fireboat is important enough to operate the Port and protect the shipping, we have to have it, regardless of cost. There is a big doubt in my mind as to whether we need it any more, or whether more efficient and cheaper ways of doing business can be arrived at.

I think the time has come when we can write off the fireboat. We don't need it. We do a better job of protecting the shipping.

PRESIDENT RUDDEN: Well, let us make some further studies in depth on this.

COMMISSIONER GOLDMAN: May I ask just one question, so that we can put our thoughts in perspective.

How many fireboats are there operating in the Bay Area today?

MR. DAVID: We have our fireboat. The Port of Oakland has a fireboat, and the Navy has a fireboat. There are three. And the White has an auxiliary tugboat,which makes four.

COMMISSIONER ROTHENBERG: Where does the Navy berth their ship?

MR. DAVID: Treasure Island.

PRESIDENT RUDDEN: Okay. Let's go on.

MR. HUNTSMAN: Item 5, the consent calendar.

Item 5.a, A minor modification of lease, Seawall Lot 314, Burger Car Wash.

Item 5.b --

COMMISSIONER GOLDMAN: Hold it.

It is minor in cost, but it might be major in commitment. It requires the construction of a railroad spur, and that leads to the very basic question, again, of the future of the Belt Railroad in the northern waterfront, and my query is whether accepting this would commit us to continuing the Belt system if at a future date we felt that had to be

MR. HUNTSMAN: Mr. Thiemann, will you pick up?

MR. THIEMANN: Well, I think that you are going to be obligated to continue that spur in operation so long as the sewage disposal plant is in operation on Bay Street, because the railroad cars that come in there bring the chemicals to treat the sewage in the tank cars.

Now, it is possible that that might be done by trucks. I don't know.

COMMISSIONER GOLDMAN: That is what I am assuming.

MR. THIEMANN: It is possible.

COMMISSIONER GOLDMAN: I think if we are to make that type of commitment, we must make certain that the sewage department realizes that if we have reason to discontinue the Belt Railroad, they have to then use trucks to serve the same purpose. If we don't make that a condition, we may find ourselves stuck with continuing something that is going to be costly.

As I understand, the current operators are not very happy, and there again the State Belt represents a major expense to us, and I don't think we get that much value.

COMMISSIONER BRIDGES: What pier is that again, Harry?

MR. THIEMANN: It's not a pier. It is a seawall lot, Seawall Lot 314, Bay and the Embarcadero, where the car wash is.

This cuts a little tiny triangle off one corner.

COMMISSIONER GOLDMAN: Well, I hope we make it clear to the sewage department that we cannot obligate ourselves

to transmitting those chemicals by rail car, but only as long as we determine there should be a rail line in that area.

MR. THIEMANN: I don't think that this particular parcel would be a factor, if that ever arose.

COMMISSIONER GOLDMAN: I am not worried about the parcel. I am worried about the concept of transmitting the chemicals from wherever they come to that area. It has nothing to do with the parcel, but indirectly it does.

MR. DAVID: We can handle it.

PRESIDENT RUDDEN: Shall we put this over?

MR. HUNTSMAN: Do we have a motion to put Item 5.a over?

MR. DAVID: No, I think we pass it.

COMMISSIONER GOLDMAN: Contingent on this. Okay.

MR.HUNTSMAN: Item 5.b, approval of license and lease Nos. L-9783 to 9789, inclusive.

COMMISSIONER MORRISON: Mr. President, I have a couple of very brief questions on that.

I don't understand the 270 lineal feet of railway space there.

MR. THIEMANN: Well, this gentleman is putting a couple of railroad cars on a track, on the apron on the west side of Pier 33, and rather than break it down to square footage, that was easier to do it that way.

COMMISSIONER GOLDMAN: I saw those yesterday. What are they doing there?

MR. THIEMANN: Well, there are several. The ones you saw are not these.

There are two that have been there for, I believe, three or four years now. One is being restored. The other is being used as an office.

There are two cabooses which were brought in there to be restored; the man who had them didn't pay his rent, so the owner in Hawaii has picked up the rent, and they are just sitting there, waiting for somebody to restore them.

These are cars that have been purchased from Amtrak, and some others were purchased from the Santa Fe Railroad. They are going to move them in and use them as offices.

COMMISSIONER GOLDMAN: But they are on a 30-day lease?

MR. THIEMANN: Oh, yes, absolutely.

COMMISSIONER MORRISON: My other question, Mr. President, has to do with Item L-9789. I see you are bringing a new tenant into Pier 45.

MR. THIEMANN: This is a fish processor, and he is going in there on a 30-day license with a $1,000 deposit, and he will move if required.

COMMISSIONER MORRISON: What is he actually going to use the space for?

MR. THIEMANN: Fish processing and discharge.

COMMISSIONER MORRISON: You are quite sure of that?

MR.THIEMANN: All I can say is, this is what he told me. If he is going to use it for something else, he will be breaking the terms of the license.

MR. TAORMINA: I might add, I have met with the tenant, because we are putting together a whole package for

fish-handling out there. I met with their fishing boat captains. Indeed, they are going to unload fish and handle it, and do very minor processing. The only processing they will be doing is a fileting type of operation, primarily, so it is a legitimate fish-handling and processing.

COMMISSIONER BRIDGES: What else could they use it for, Tony?

MR. THIEMANN: Well, they could use it for storage or there are a lot of things they could use it for, but this is what they say they are going to use it for.

We watch these things, and if they don't, we ask them to move on.

COMMISSIONER MORRISON: How do we stand there, on that pier now, in general, Mr. Thiemann? How much of it is now rented?

MR. THIEMANN: Off the top of my head, I would guess about a third of that shed is now rented, a third or less of that shed is rented.

And then the outer shed, of course, there is nothing in there.

COMMISSIONER MORRISON: Mr. David, we had some architectural studies done there for the fish-processing operation.

MR. DAVID: Yes.

COMMISSIONER MORRISON: Have those been completed?

MR. DAVID: Yes, they have.

MR. VICKERS: I talked to George Raad about that a week ago, and talked about the need for a short summary

report and finishing the project, and he said he would do that. And I just haven't had a chance to push him.

COMMISSIONER ROTHENBERG: Will you try to get it by next meeting?

MR. VICKERS: Sure.

MR. DAVID: We can have that on the agenda for the next meeting.

COMMISSIONER MORRISON: I will defer my further discussion until then.

PRESIDENT RUDDEN: Do you have any objection to these items?

COMMISSIONER MORRISON: No, I haven't.

MR. HUNTSMAN: Item 5.c, Renewal of Lease No. GS-09B-77536, Pier 33, General Services Administration.

The information is in your packet.

COMMISSIONER MORRISON: Move approval.

COMMISSIONER BRIDGES: Second.

(Agenda Item 5 was approved unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos, none.)

MR. HUNTSMAN: Item NO. 6, Unfinished business, report on the Ferry Building.

6.a, Mario Ciampi contract, Phase II. Staff recommends acceptance of Phase I as partially complete, and to terminate Contract SA No. 1087 effective January 25, 1978.

Item 6.b, The Ferry Building development report and program.

COMMISSIONER GOLDMAN: Let's take them one at a time.

MR. DAVID: Mr. President, these are separate items, and we would like to ask your permission to have Mr. Thiemann present our proposal under Item b, and then we will give you our recommendation on Item a.

COMMISSIONER MORRISON: You are saying they are not separate items?

MR. DAVID: Not really.

MR. THIEMANN: They were originally.

MR. HUNTSMAN: Item 6.b, Ferry Building development report and program.

MR. THIEMANN: I sent you my back-up material on this. The staff has a joint recommendation to you as contained in the back-up material.

We are recommending authorization from the Commission for the Port Director to begin a selection process for the services of a developer-consultant team for the development of the Ferry Building and World Trade Center.

I don't know whether you want me to read the rest of this into the record, or ask the reporter to put it in, but if you wish me to, I will read it.

PRESIDENT RUDDEN: Have her put it in, but you can summarize it.

MR. THIEMANN: What we are suggesting is that the Port Director go into the open market nationwide and obtain the services of a developer-consultant whose major expertise is in the development and restoration of historic buildings for commercial uses.

We are suggesting that this be brought back to the

Commission for your final approval. If you approve this, the developer would present you with a report on how best the World Trade Center and Ferry Building could be developed. He would prepare a detailed plan of each part of the building, or both buildings, if you want to consider them separately, and he would prepare a plan for the facade of the building in the exterior on the other three sides, which would preserve its appearance and use, and also provide you with an in-depth pro forma of which plan would produce the greatest revenue for the Port Commission.

Now, one of the reasons that the staff is bringing this to you is that we have had a great many complaints, let's put it that way, from tenants in the building who are uncertain as to their future here. In just recent days we have had a couple of people decide they didn't want to take larger space because of the cost of moving their phones and putting carpet down, and so on, on a 30-day basis.

We are suggesting this as the fastest way to get the best answers to a solution.

COMMISSIONER GOLDMAN: Mr. President, firstly, what is the time schedule involved?

MR. THIEMANN: Well, this we really didn't get down to the nitty-gritty, because we don't really know for sure how long a developer is going to need. We felt we would have the Port Director talk with the developers and come up with the shortest time possible.

MR. DAVID: We felt that, because of the problems in the building, where tenants are coming to us and in some

cases suggesting they may have to move because they can't continue to live on a 30-day license, we have to move rather quickly.

If we had your approval of this plan, our first step would be to immediately advertise in the newspapers and invite potential developers to meet with us.

COMMISSIONER MORRISON: Mr. President, I am very much in sympathy with what the staff is trying to do here, but it seems to me that this is rather hastily thrown together and an ill-conceived plan.

It seems to me, Mr. President, that the first thing we have to do here is to decide by some kind of policy resolution what we wish to do with the Ferry Building and the World Trade Center. We don't need a developer or a consultant to make that public policy declaration.

I believe the Commission is fairly much in agreement thatit ought to be upgraded as an office structure serving primarily the international business community, and perhaps other uses attendant on that. I don't think we are in any disagreement on that.

This proposal, however, leaves aside entirely the question of the Port offices, and I think that we ought to address that question, and I think we are capable of doing it at this stage. It has been my hope, Mr. President, that the Port offices could be located in the Agricultural Building. The staff has considered that plan a number of times in the past.

We should not leave that question to be decided at

the whim or perhaps not the whim but the uninformed action of a developer. We ought to decide that question, and we ought, if possible, to make the relocation of the Port offices a part of this overall development. And it seems to me that we ought to start planning for that right now.

Then, after those broad policy issues are decided, it seems to me we have to establish some criteria for development of the Ferry Building and the World Trade Center before we invite in a developer.

I see no reason to set up a new advisory committee. We now have operating a Northeastern WAterfront Advisory Committee. We would be seriously amiss, I think, if we didn't take this issue before that committee before we act on it. That advisory committee has the responsibility for coming up with a total design plan for this building, as well as for other regions along the northern waterfront.

It would be a big mistake, I think, to turn our backs on that committee, and I am sure we are asking for trouble if we do it.

We have them to, in my view, establish criteria to refine our design and use plans for the building, so that we, not a developer, decide on the overall design and the overall uses for the building.

Then, at that stage, I think we are prepared and in a position to go ahead, either by bid or by negotiation, as the staff is now proposing.

MR. THIEMANN: May I put in something right there?

COMMISSIONER MORRISON: Sure.

MR. THIEMANN: We are not proposing a developer. We are proposing a developer-consultant. We would not say that this is the developer we want to do the development. I want to make that clear.

COMMISSIONER MORRISON: Yes, but I think that issue is very cloudy in what you have presented to us.

Now, I think the standard should be to put all these major projects out to bid. I know there are situations where it is better to handle the development by negotiation with private developers, and I know that the staff has already talked with numbers of people who have promising plans for the building. It may be that that is the way to go, and I certainly don't want to prejudge that.

But there must be some kind of thorough-going justification for not using the ordinary bid process, it seems to me, and that justification has to be made so that the public will understand what we are doing.

If we don't tread very carefully here, it seems to me we are going to get ourselves in major trouble, and I think we can avoid it very easily by careful planning and by going about it in the right way.

COMMISSIONER GOLDMAN: May I respond?

PRESIDENT RUDDEN: Where do we stand with reference to the AGricultural Building? We talked about that on numerous occasions. I don't know whether we ever came up with any costs.

MR. THIEMANN: $1,600,000.

COMMISSIONER ROTHENBERG: Wasn't that the super-

deluxe, put an extra floor in?

MR. THIEMANN: Yes.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to comment.

PRESIDENT RUDDEN: Excuse me. This was with reference to the entire building, but did we have specific studies with reference to moving the Port offices?

MR. THIEMANN: Yes, we have.

MR. VICKERS: No, not except for this.

COMMISSIONER GOLDMAN: May I comment first?

This is one of the items I want to comment on.

We as a Commission certainly have a responsibility to relate to the projects that the staff presents to us, and I don't think we should try to place restrictions upon their performance.

I think this proposal provides a much more sophisticated approach to a problem that we have than we have proceeded with before.

I think that we don't have to judge today the removal of the offices, because I think in the first instance the Agricultural Building may not be the best place to remove them, when and if they are to be removed. We have the Pier 50 building, which is empty right now. We have tenants in the Agricultural Building.

We don't have an overwhelming expense in moving staff to Pier 50, whereas, as indicated, it is a million and a half in the Agricultural Building.

I would rather we did not assume that responsibility

at the moment.

I think what Mr. Thiemann has presented to us is, as I say, a much more sophisticated approach to the proper development of this building, and specifically this building.

Bidding processes are fine where the circumstances are fixed, and it is just a question of utilizing the services of one or another of a number of firms. What is being really asked for by Mr. Thiemann is to give those who have concepts for the development of this particular property the opportunity to present those ideas, and to make a judgment as to which of those concepts seems to be the most practical from the point of view of the City of San Francisco, utilizing this particular potentially tremendous facility, not only for offices but for public usage, retail-wise and otherwise, along with offices.

Since a number of people have expressed an interest, I feel very comfortable that the procedure suggested is the right one. I am only concerned about time. We have wasted a lot of time, and since there are tenants who have expressed a concern, I think we do owe them the opportunity of knowing in what direction we intend to move.

This procedure, incidentally, is a commonplace one that has been utilized in this city and many others for special situations such as this one.

As far as the North Waterfront Advisory Committee is concerned, as one sitting on it I see no difficulty in getting their approval of the procedure that we are thinking of. In fact, I think many of them have already, informally if

not formally, recommended this, and since Mr. Myers, who is a coordinator of that, is here, maybe he would like to say something.

MR. ROBERT MEYERS: I would think that could be an appropriate adjunct to the advisory committee, or at least they could keep the committee informed as to their activities.

COMMISSIONER GOLDMAN: Do you see any kind of a conflict?

MR. MEYERS: I don't think so. I think they would be looking for assistance.

COMMISSIONER ROTHENBERG: Mr. President, I would like to back up what Dick just said. I think the staff has been frustrated for a long time about how to move this forward.

To the extent that they ask for people who have shown some competence and have some financial strength to come in and give us their best insight, essentially telling us what our options are for this building, the cost, I think, is quite minimal.

We are not talking about master-leasing the building; just as you go to an architect to get certain kinds of advice, we are going to people in the development community to ask their insight into how best to use this structure.

The city spent $50 million rebuilding Market Street, and there was an interesting picture this morning on the cover of the Chronicle. When you look down Market Street now, the thing you see most dramatically is the Ferry Building, and I am afraid we have a little work to do to make it worthy of this grand entry.

I would like to do whatever we can to encourage the staff to move this process forward, maybe coming back to us next week or at our next meeting, with whatever advertisement they would like to run, so maybe we can use that as a focus for trying to give them some policy guidance.

I think we could have them interview a lot of different developers and still not preclude our policy options, because I think what would happen is, when they got down to a small group they feel they would like to choose among, by that time, which is probably a good month away, if not more, we could have taken the time to clarify in our own minds what overriding policies we would like to see enforced in working with any of them.

There are a number of firms here in town I am sure would be good at this type of restoration and could develop this as a much greater potential of revenues.

My only comment is, I hope whatever we do, we try once again to make the Ferry Building and World Trade Center one building. I think by having two names we successfully confuse generations of San Francisco mailmen, and I am not sure that is in our best interests.

I don't know whether it is best we move this forward, or I throw out a recommendation that we give the staff authority to prepare advertisements and supporting materials, and bring those advertisements back to us, and, being somewhat vague, essentially saying we are prepared to entertain proposals to be our -- I don't know what we call this -- maybe it is our agent or developer-consultant. I don't want to convey the

impression that this contact is going to be a multi-million-dollar venture. In fact, it is going to be something far less grand.

COMMISSIONER MORRISON: It may very well be that my objection can be met with some more staff work.

COMMISSIONER ROTHENBERG: I share most of your feelings.

COMMISSIONER MORRISON: I am certainly not in favor of the proposal as it stands, and I don't think we are going to save any time whatsoever by plunging ahead in an ill-advised way on this question.

It seems to me there are policy questions which we must decide. They don't have any bearing whatsoever on what a developer may or may not tell us six weeks or months from now.

I am afraid, if we were to go ahead this way, that several months from now the staff would present us with a go or no-go proposal. We turn it down, and where are we then? Whereas, if we do this thing incrementally, solve the policy questions first, then go to the establishment of criteria, then go to the employment of a developer, we get those questions behind us that may cause us trouble in the future.

That is my concern.

PRESIDENT RUDDEN: It seems to me we are expecting a good deal from the staff. There has been a lot of outside work done on this in these other committees, and I think eventually we will eventually work together.

Certainly, we do not want to create ill-will of those who have put lots of effort in this, but by the same token it

seems to me that the staff has hit upon something that conceivably could be very productive.

I think if they come back to us at the next meeting with a plan as to whom they will call upon, to begin with, to do this, or what sort of ads, what the cost is going to be, then we can relate those things.

My feeling is that we should go.

MR. DAVID: Mr. Rudden, if I may comment on some statements made by Mr. Morrison, the staff recognizes that this building is probably the most valuable building historically in San Francisco, and we do not think we were hasty in making this recommendation.

However, it seemed to us that years and years have gone by. The building has been under-utilized, and we have to move.

To add to this comment that was made earlier, we now have tenants that are frustrated and even thinking of leaving the building because they don't know what the future brings. We felt that I think the kind of thing you are asking for, Mr. Morrison, we felt we would have to relate to developers. We felt we could not prejudge whether the Port offices should remain or leave the building. We would like to relate that to the developer.

On the next issue, we feel that existing tenants should be accommodated, but this again we would like to relate to the developer.

I think the third issue is, we now have an income of approximately $900,000 a year in this building, and it is

the staff feeling that we could not let that level drop, even going through the development process, and again here we can't answer that question until we have had the opportunity to sit down with some potential developers.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to comment about something.

I think the one thing that Commissioner Morrison has expressed some concern about is the removal of the Port offices, and I just want to comment that anybody who is going to make any kind of a development proposal to us, if they understand the concept, is going to come to the same decision, and that is that the space is too valuable for rental purposes to maintain the routine offices in this building, when we have other buildings standing that are available for use.

That is why I would not want to determine at this date whether it be the Agricultural Building or one of the others, particularly Pier 50, but I think they will prevent this, and in those instances where they don't feel it is a definitive situation, I am sure whoever the developer would be would offer alternatives and, with the staff, would work out the variables and come to a decision.

I think we need it desperately.

I might add something that I mentioned many, many months ago. This building should return to the Port at least a half a million dollars more than it is today, if properly developed. I don't think we should overlook that.

COMMISSIONER MORRISON: Well, Mr. President, if I may, I certainly agree with you that more revenue can be

obtained by more occupancies in the Port, and I am perfectly prepared to go along with that.

At the same time, I think the Port has to have adequate offices. I think the Agricultural Building provides us with that resource, and I am certainly willing to see the Port move there.

I am not at all willing to see the POrt offices move to Pier 50 or Pier 80.

But in all events, we should not try to finesse that issue at this stage, and say, "Well, let's wait and see what a developer will tell us." As you say,we know what a developer will tell us. We don't need his advice on that issue. It is a matter for us to decide, and it is only one of various policy matters that we can decide without any aid from any developer.

COMMISSIONER GOLDMAN: Except for one thing, Jack. I am not challenging that, except to say that I think it should all be done in one fell swoop, and I don't have any difficulty with it.

You and I may not be in total agreement on whether we limit it to the Agricultural Building. If you are concerned about the executive offices, as distinguished from some of the service offices, I can say, in agreement with you maybe, that there should be an executive office in this building or in the AGricultural Building, but it certainly has been discussed before that for the services such as engineering or accounting, where there are a lot of people involved, and using a lot of space in this building, they can just as easily

work out of the Pier 50 building as they can work out of the Agricultural Building, and in the one case we have an empty building and in the other one we have it full of tenants.

PRESIDENT RUDDEN: I assume in this proposal that all of these questions will come up and be taken care of at that time.

COMMISSIONER ROTHENBERG: I think it is clear we all need some facts.

MR. FREDERICK GREIN: May I say something?

PRESIDENT RUDDEN: Sure.

MR. GREIN: My name is Frederick Grein, with PVO International.

For more than a year now, PVO has been trying to work out with the Port some means for new accommodations within the World Trade Center-Ferry Building. I think I speak as a representative of a frustrated tenant.

It was back in May that the Commission approved the idea of our developing the practically unused space at the south end wing of the Ferry Building on the first floor. Back and forth between us we have tried to work out a means whereby we could do that development. We made a written proposal to the POrt in June. No response.

We have had informal discussions at many levels, but no conclusion. We have been asked informally to hold back until we got the final results of the Mario Ciampi report.

Now, in a sense, we are being asked to wait for an outside developer to come in, and how long that is going to take, Lord only knows! I remember many months ago Mr. Goldman

objected to my saying we are going to have another Yerba Buena situation on our hands. All I meant at that time was delay after delay after delay, and I see delay after delay continuing. There are no political connections, but I think it is delay after delay, which sort of parallels the Yerba Buena delays.

I think the Commission has to grapple with and come up with a decision, are you going to do something or not? I know we have talked back and forth, are you going to permit us to go ahead? Are we going to be able to work with somebody else?

Certainly, in this past year or more there have been many plans from many different people presented to the Port, and from these plans you should be able to grapple with some idea of what you want to do, and we would like to know what you want to do.

COMMISSIONER GOLDMAN: Mr. Grein, we have the same problem you have of getting it started and, as you know, we are anxious to move in the most effective way for the best utilization of the facility.

Now, we are bringing it to a head now. I would be happy to vote on it right now, but if there is a sensitivity on the Commission, we have to allow a little more time, and that is all right, but we are moving forward.

We have come a long ways from the day we had that action last May for the benefit of the community. We share your concern, but I think a little patience will pay off.

You always have a free choice. We don't want you to

leave, but you know there are a lot of buildings.

MR. GREIN: We have patience, so a few more weeks is not going to make that much difference, but I would like to get some action.

COMMISSIONER GOLDMAN: Okay. If that is your purpose, we concur with you.

COMMISSIONER MORRISON: Mr. President, we haven't heard anything on Item 6.a, and there is no written justification for it.

PRESIDENT RUDDEN: First of all, are we in agreement on b, that we want the staff to go forward and do --

COMMISSIONER BRIDGES: We had a motion.

COMMISSIONER ROTHENBERG: I thought we modified that.

COMMISSIONER MORRISON: Mr. President, I would like to see the staff come before us with a policy resolution so that we can know precisely what it is they are proposing.

COMMISSIONER ROTHENBERG: I think my motion is too far back to find. Essentially it asked the staff to come back to us in two weeks with whatever advertising or public materials they would use to attract developer interest, and maybe as part of that they can resolve what is concerning Commissioner MOrrison.

I think we are all saying the same thing. I think we are caught up in a semantic circus.

COMMISSIONER BRIDGES: You are just dealing with the ad now.

COMMISSIONER ROTHENBERG: No. No. What I am saying is, they come back to us with -- I will include what Jack would

like -- with a policy document that asks us to approve of generally where they are coming from in terms of how they want to work with the developer, and what they perceive as the controlling guidelines that we are going to impose on them in terms of what we would like the Ferry Building to show up as, and at the same time show us whatever ads or other documents they would issue, that whatever they are asking their developer-consultant to do is in accord with where we are coming from.

I think the staff could, during that some period, be working on that question. I think the question of moving the Port staff right now is an issue that Chuck and maybe some of the others could be looking at some of these other pieces of space and thinking about what we might do. I think that is an important decision we are going to have to make, but I don't think we know enough about what we are going to do with this building to determine whether the best solution is to move.

I have no problem with moving to the Ag Building at all. I don't know what our long-term leases are like in the Ag Building. They may not be realistic.

MR. THIEMANN: There aren't any.

COMMISSIONER ROTHENBERG: I want to move what they want to move forward. I think that what will meet Jack's objections is to have them come back in two weeks, have more of this nailed down, and at the same time be working on the ads, so that at the end of two weeks we won't have wasted two weeks, from their perspective, to move this forward. And

perhaps in that period they can be assured the Commissioners.

COMMISSIONER BRIDGES: I thought the recommendation here was pretty impressive and pretty constructive. They come in, and they make a recommendation here to authorize the Port Director to do thus and so, to consult with people that have expertise in the development of the building, expertise in the preservation of historical aspects of buildings, and going on from there, to talk to interested developers, set up an advisory committee so that we move along.

Now, I am impressed by that, and unless I can hear some good arguments against it, I think it ought to be done.

Now, I am well aware, we have got the program, the recommendation of the Northeast Waterfront Plan. It is not binding upon us. We can accept it or reject it. But from my information of developers, all the developers will take up and run. So here we have got a recommendation here from an advisory committeé. It doesn't take anything away from the Northeast Waterfront Plan or anything else. Their guidelines were set down and accepted by us as guidelines only, so they are still there. We have got all that.

COMMISSIONER ROTHENBERG: Ed, what would be a useful thing for you to be doing during the next two weeks? I want to move this process forward, in order to find out what would least hamstring the staff, and yet still give the Commission two weeks from now to make sure everybody is moving in the right direction.

MR. DAVID: Obviously, it would be very easy for us to come up with the advertisement by the next meeting, but

we felt we really didn't want all that much delay in terms of selecting this advisory committee.

I don't object at all to the larger committee going over our proposal, but it seems to me that group is just too large to really relate to selecting a developer, and this is why we limited it to seven.

COMMISSIONER GOLDMAN: Well, may I make a motion?

COMMISSIONER MORRISON: Mr. President, I wasn't suggesting that the Northeastern Waterfront Advisory Committee participate in the selection of anybody.

My point is that our plan for the Ferry Building ought to be presented to that committee for their comment before we act. If we are serious about the planning job that committee is doing, we simply have to do that.

PRESIDENT RUDDEN: Certainly we will be working with them, but I get the impression that the staff is attempting to get ideas where they can be much more aggressive than they have in the past.

Now, I think we should give them authority to move ahead for things that they asked for, rather than to limit this in the sense that we are moving from a policy to the administrative.

They come to us with a plan. We give them ideas. I say they will present them to us. I feel that all the committees that have been working should be brought into this, and help us along with their ideas, and we should take advantage of everything we possibly can, but in the meantime not hamstring our staff.

COMMISSIONER GOLDMAN: Mr. Chairman, at the meeting of the Northeastern Waterfront Advisory Committee a week ago today, it was moved that we do this very thing, and in fact in the recommendation that was approved by them it encouraged us using this process, and, Bob, I don't know if you have a copy of that, but it was actually voted into effect. So I can assure you they are in approval of this process.

If you have it downstairs, we can get it, I should think, before this meeting ends.

COMMISSIONER ROTHENBERG: Mr. President, I was going to say, I think Page 2 of Harry's memo, which lays out basically the kind of information we would like to get that would help guide us in terms of what we would like to do with this building, really is the kind of information that we have always felt hard-pressed to have before, and I think maybe what we should do is to combine those four items, maybe, with a fifth item, and that is the consideration of relocating our Port offices, in a formal policy motion, and that the Port Commission's future plans for the Ferry Building would be greatly aided by having this type of information, and instruct the staff to move forward with a process that will help us to arrive at this kind of insight.

I think Jack is worried that by talking to developers and bringing them in to give us their plans, somehow we are nailing ourselves down on one course or another, and I think it is abundantly clear we don't know what we should be doing.

We need this kind of information so we know what the dollars and cents impact is. I think we all agree we

want to restore the Ferry Building. We all agree it is going to be primarily office and commercial, and from that point on we are slugging sand.

So perhaps if we view the second pages as a proposed policy, and that is that our interests would best be served by developing this kind of information, and instruct the staff to go forward with that, we put it in a policy context where their instructions are quite clear and specific. And then, as they move further along in developing process, they will be coming back before us, talking about the interesting ideas. People will probably come up with much cleverer ideas than anything we would, and then we can decide who we want to work with and on what basis we want to work with them, and we will be in a better position at the same time to analyze how that would affect the staff offices.

COMMISSIONER MORRISON: Mr. President, let me try to make it clearer what my objections are. I thought I had made it clear when I said I think there are policy resolutions which we have to decide, which will not be affected in any way, in my opinion, by what a consultant developer has to tell us.

We heard or saw a report from Mr. Ciampi a couple of weeks ago in which some major design considerations were opened up. That is, integrating the promenade and park across the way with the development that goes in the Ferry Building; on the first floor, opening up, so far as possible, corridors for access to people that have marine views; opening up on the inside of the building the structure of the Ferry Building tower to view.

Now, these are overall design considerations that seem to me to have great merit, and it is this kind of decision that we ought to make before we start talking with developers. That is my point.

COMMISSIONER GOLDMAN: I would like to comment.

I think that it is all worthy, but I don't know that we really have to resolve anything at this stage of the game. We will assume that all of that that Mr. Ciampi has accomplished for us will be taken under consideration by whoever picks up the next step forward, and that if there is reason to do this, of course it will be considered.

If there are some judgments, we will learn of them.

I think that if you are concerned that we are allowing ourselves to be taken over by the developer, I think we can make it clear all we are looking for is consultancy at this time, to learn what they are prepared to help us accomplish.

I don't consider ourselves to be in any way eliminated from the process. I think that, as Mr. Rothenberg just said, we will get ideas that we have never thought of before, which is part of the concern we have to do the most effective job.

Now, the ideas that have already been presented to us we welcome, and feel are of value in this whole process. But I don't think we can sit here and act piecemeal about one thing or another if we hope to see this Ferry Building and World Trade Center move forward. And I expect that the PVO concern, and other tenants would like to know where they are, and I am anxious that we stop deliberating too much and move forward to something positive.

I think we have two weeks for the staff to come back with a more sophisticated plan, possibly to accommodate your concerns, Jack, but let's do it. Let's start moving. I don't think we have to act on where the staff is going to move before we proceed. I don't think one is exclusive of the other. I think they relate.

COMMISSIONER MORRISON: Mr. President, Commissioner Goldman and I have always disagreed on how much freedom one ought to allow a developer, and maybe there is some merit in each of our positions, but I am not willing simply to hope that a developer will pick up the good ideas that have come out of earlier planning and incorporate them into his planning.

I think we decide major design considerations, and we adopt those considerations as a matter of policy of this Commission, and then we hand those policies to the developer and say, "These are your criteria. Use them as foundation, and then come to us with a detailed plan."

That, it seems to me, is the way to go.

COMMISSIONER ROTHENBERG: We are not hiring a developer. We are hiring someone to do an economic development job for us, and since we would like to hire someone who has to make a living at it, we would like to hire someone who has been a developer, so that his numbers would have more credence than what we normally would do.

I think, Jack, what you are worried about is somehow we are going to be handing this little building over to someone and saying, "Do with it as you will," and all we are saying is, "We don't know. The office market and commercial market has

changed so much since this building was built, we want you to tell us how this shell could best be used, to be attractive offices, with commercial space on the ground floor." And the only people who can tell us that are people who know how to do it, who make money at it, and can tell us an efficient way to do it. And then we can choose whether we want more offices, less offices, more restaurants, less restaurants.

But I don't think we can ask Harry to do that. Harry doesn't have the time. We need professional advice, so at least we know what the options are. Right now, we don't even know what our options are, so any decision we make would be more uninformed than normal.

COMMISSIONER MORRISON: I don't disagree with anything you have said.

COMMISSIONER ROTHENBERG: I am just trying to move this to where we can get this information, and then we can make decisions.

COMMISSIONER BRIDGES: The staff recommendation is there to move it.

(Several voices at once.)

PRESIDENT RUDDEN: I think we are really all saying the same thing. We ought to try to bring it together.

Jack's idea is that we should set out the policy and move from there.

COMMISSIONER MORRISON: And I don't at all dispute the obvious fact that we need a developer-consultant.

PRESIDENT RUDDEN: Why don't we give the staff the next two weeks to come up with something that is much more

objective than this, although I think they have covered it fairly well, and, at the same time, to explore the field of consultant developers and come back to us at that time with what ads they would put, the type of people they would be going after, and they may even sign some in the country today that are well enough known that we could come up with some additional ideas that would result in our bringing this whole thing to a much earlier conclusion.

MR. MEYERS: Mr. Chairman, the staff developed rather extensive guidelines for the development of the building, in terms of what the other agencies require, what kind of access through the building is necessary, and what is required for historic preservation. Those guidelines are available as a start.

COMMISSIONER MORRISON: All right. Let's have them incorporated into a policy document. You say that the staff has done that. It is not obvious to anybody from reading this that the staff has done it.

COMMISSIONER ROTHENBERG: Which staff are you talking about?

MR. MEYERS: Mr. Vickers and myself and his staff.

COMMISSIONER ROTHENBERG: Well, we certainly want to include that.

I was in Boston a week ago, and they have the old marketplace down by the waterfront, which is called Faneuil Market, which essentially was an eyesore. It has been around for two or three hundred years, and for the past ten years had just been decaying there. And the city spent six years trying

to decide what to do with it.

Finally, in the end they worked with one developer, and he fell through; and they made an agreement with another developer, and it is now the most vibrant place, the most vibrant marketing center, even though it has no parking. They are running of thousands of people through there every day, and at the end of the first year this project, which was tremendously expensive, is generating a very impressive cash flow, both for the redevelopment agency which leases the land, and for the developer.

The only reason it was done was because the developer was very competent. In this case I think it was the Rouse Company.They did it in a style that no one would disapprove of. The buildings are elegant as well as being restored. The merchants are very highly policed in terms of making sure the right things are done. It is a delightful place to go, even if you don't want to buy anything. Their offices, their shops, it is just a lovely place that used to be the garbage dump of Boston. And I think we can look to that kind of experience to find a lot of ways that we can make this building something that we are going to be proud of, the City is going to be proud of, and that everyone can feel that they are more part of, in terms of both our tenants, people who deal with the Port, and the people who live here.

I think the sooner we move forward, the better, because I would like to see something done in my lifetime.

COMMISSIONER GOLDMAN: I think the only difference here that I have with Commissioner Morrison, and I think the

experience of this may bring it all into focus very easily -- I have a tendency to allow a consultant a little more freedom than perhaps he has, and I just think if there is a need for control, we have the opportunity of dealing with that later, but I would rather first have the opportunity of seeing what comes out of this consultancy, and then make that determination.

Finally, I do think that 6.a and b must be treated separately, since 6.b is evidently going to take additional work.

MR. GREIN: If I may, sir, I would like to offer a suggestion.

Perhaps in this whole framework a committee might be formed, an advisory committee which is being suggested here, with two members of the Commission, two members of the staff, and some determined number by yourselves of interested parties, to develop, with the help of an outside consultant, to present a viable plan under which it can work. And I personally, of course, would like to serve on such a committee.

PRESIDENT RUDDEN: Well, I call for some question. We ought to be moving on with this.

COMMISSIONER BRIDGES: What is the specific motion?

COMMISSIONER MORRISON: I move that 6.b be continued for two weeks, and be back on the calendar, further refined in the form of a policy resolution that will set forth the concerns that I have expressed, and that Commissioner Rothenberg and Commissioner Goldman have expressed.

COMMISSIONER BRIDGES: I will second that motion.

COMMISSIONER ROTHENBERG: Ed, is that workable?

MR. DAVID: Well, we can incorporate some of the things that Mr. MOrrison mentioned.

COMMISSIONER ROTHENBERG: I just want to make sure that two weeks doesn't cause undue delay.

(The motion was carried unanimously: Commissioners Bridges, Goldman, MOrrison, Rothenberg and Rudden - aye; nos, none.)

COMMISSIONER GOLDMAN: That is just on 6.b, Mr. Chairman?

PRESIDENT RUDDEN: Right.

Now, 6.a.

MR. DAVID: Mr. President, the staff recommends that we accept Phase I of Mr. Mario Ciampi's contract, which is partially complete, and that we terminate the agreement.

Mr. Ciampi and I have had extensive conversations regarding his report in the last few weeks, and we are very impressed with some of the input he has, and I think this is helping us in terms of what we present to you in two weeks, and in terms of our recommendations.

But at the same time, we feel that we are in a position that we should be working with this developer-consultant, rather than going on with the Phase II and Phase III portions, as originally outlined in the contract.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to recommend approval of 6.a, with the comment that I don't know anybody in San Francisco who is more committed to this community than Mr. Ciampi, and what he has done for us is a

good service, and I know that he will be continuing services because it is his life, and I just want the community to know that he is a tremendous asset to this place.

COMMISSIONER MORRISON: Mr. President, may I ask Mr. David to outline for us briefly Phase I, Phase II, and Phase III again, the responsibilities?

MR. DAVID: I have it here. I prefer, I think, to defer to Mr. Vickers, the draft of the original contract.

MR. VICKERS: Phase I was to survey the regulatory agencies and to present the Commission a report, including graphic portrayals and written descriptions necessary to provide the Commission with an insight to the Ferry Building and its appearance.

He made his presentation at the last Board meeting, and that was basically Phase I. He was not to proceed with Phase II until authorized to do so by this Commission, and in Phase II he was to prepare a master plan of the building -- I am summarizing these very simply -- and in Phase III he was to assist the Port in obtaining permits and final approvals of the regulatory agencies.

The staff is recommending that we don't go on to Phase II.

COMMISSIONER GOLDMAN: There is a motion. I don't know if there is a second.

COMMISSIONER ROTHENBERG: I'll second.

COMMISSIONER BRIDGES: We had a report on that the meeting before last.

MR. VICKERS: We had a report last meeting.

COMMISSIONER MORRISON: Mr. President, then, I suppose, Mr. Vickers, the next question is: You have heard Phase I. Was it a satisfactory performance, in your opinion?

MR. VICKERS: Well, we are using the word that it is partially complete. We are trying to phase this out so that this Phase 6.b can start.

I don't think, realistically, that he made it around to all these agencies and got all their comments on his plans. I think that would have taken a lot longer time and more expense.

COMMISSIONER MORRISON: How long was Phase II to last?

MR. VICKERS: His total contract was to go for six months, which would have completed the contract sometime in April.

COMMISSIONER MORRISON: In Phase II, you say, is the Master Plan of the building. What do you mean by "Master Plan"?

MR. VICKERS: Well, it says, architect to prepare master plan of Ferry Building and immediate surrounding area and prepare diagrammatic floor plans of sections of the Ferry Building. These drawings are to adequately portray architect's planning, serve as guidelines for development of area, and contain sufficient information to obtain approvals or permits from agencies listed in Phase I.

COMMISSIONER MORRISON: And this is the work now, essentially, that you are proposing that a new consultant perform; is that it?

MR. VICKERS: No. I think the staff. That is what the staff recommendation is.

PRESIDENT RUDDEN: You are recommending that we accept Mr. Ciampi's reports as of now, and not proceed?

MR. VICKERS: Right. Not to proceed into Phase II.

PRESIDENT RUDDEN: And is Phase I complete?

MR.VICKERS: Partially complete.

COMMISSIONER GOLDMAN: We are accepting the work that has been presented.

COMMISSIONER ROTHENBERG: And choosing an alternate tack to go on to commercial developers.

MR. DAVID: I think, Mr. Rudden, in discussions that I have had with Mr. Ciampi, as I indicated earlier, they have been terribly valuable to us, really, in making our determination we should have a developer consultant, and it seems that his work, as he explained to me, it was extremely difficult to do it in a Phase I, Phase II and Phase III, and has done portions of all of these.

We feel that the input he has given us to this point puts in a good position to now talk to a developer-consultant, again recognizing the frustration of some of our existing tenants. His contract was to run until April 15th, and, frankly, we don't think we can wait until April 15th to stay discussions with a potential developer.

COMMISSIONER ROTHENBERG: Call for the question, Mr. President.

PRESIDENT RUDDEN: Do I have a motion?

COMMISSIONER ROTHENBERG: Mr. Goldman raised, and I

seconded.

PRESIDENT RUDDEN: No objection?

COMMISSIONER MORRISON: I am going to vote against the motion. This seems to me a very disappointing result in a study which, it seems to me, had some very promising outcomes in the report that was given to us two weeks ago.

I understand that the staff feel themselves under great pressure to produce quickly a plan for the building. I think we might very well be profited by carrying out this contract into April.

For that reason, Mr. President, I will vote against the motion.

COMMISSIONER GOLDMAN: Mr. President, I am voting for it because I feel that not only has Mr. Ciampi done, possibly, as Mr.David said, more in some areas than he was called upon, but it doesn't preclude Mr. Ciampi from continuing to participate in the development of this place in the future, depending on which direction we choose, so I don't consider that in completing the contract we are necessarily eliminating the input of Mr. Ciampi.

For that reason, I do want to vote yes.

PRESIDENT RUDDEN: I agree with what was said previously about Mr. Ciampi's great contribution to this community. I regret that the first phase could not be completed as we had hoped in the beginning.

I would like to sort of shelve this, conclude it as recommended by the staff, but to put this on the shelf, with the thought in mind that, as we move into this other procedure,

we perhaps would want to reactivate Mr. Ciampi's contract to complete some of the things.

We may find that some of your findings in this new program would coincide with what he has. I would like to sort of keep a string on this, even though we accept it as is, and we pay Mr. Ciampi whatever we owe him.

With that, I guess, I am voting yes.

COMMISSIONER BRIDGES: That is my position, too. We have finished a phase. There is no bar to reactivating it.

COMMISSIONER ROTHENBERG: What did we just do, Mr. Chairman?

PRESIDENT RUDDEN: We concluded it, as the recommendation of the staff, but we are holding it in abeyance, with the consent of Mr. Ciampi, that we may at any time come back to him.

COMMISSIONER ROTHENBERG: I think that is very unfair to Mr. Ciampi.

PRESIDENT RUDDEN: Is that unfair to you, Mr. Ciampi?

COMMISSIONER GOLDMAN: Well, Mr. Chairman, we are voting on an issue. If we want to reestablish a relationship, whatever phase we are in, we are free to do it. I don't know why that should be tacked onto the motion.

The motion is clearcut. The recommendation has been made. I think we should call for the question, recognizing that Mr. Ciampi may be brought back in many different ways, but it has nothing to do with our action at the moment.

I think we have to be specific so that there isn't confusion.

confusion.

PRESIDENT RUDDEN: Mr. Ciampi, would you recognize it on that level, on that basis?

MR. MARIO CIAMPI: I might say that what is being discussed here are experiences that I have had traditionally in this community for about twenty-five years, and sometimes when we act in haste we repent at leisure.

In projects of this kind that are so complex, that are not just ordinary buildings that a developer may take down the street someplace, that certain procedural activities are necessary in order to relate one's decisions to the general fabric and regulatory influence that we have in the community.

Here we are talking about a historical monument. This is not just another building we are going to remodel, where you can take liberties with it.

I in my experience have found that when you begin with this kind of process and this kind of a situation, the developer gets so entangled in endeavoring to get his approvals from the Planning Department, the Art Commission, the Redevelopment Agency and other agencies that are existent, that if one were to take this in an orderly fashion and establish the design criteria, get the house in order by all the things that you feel are significant and important, take care of this for the developers so that when the developer comes in he knows explicitly where his framework is, the approvals that have been gotten for him, he knows what the environmental relationships are, and he knows what the potential for the development in the area is, when he sees this all clearly set

forth for him, then I think you can get some intelligent and some very highly competitive and some logical and intelligent proposals that are easier to relate, rather than nebulous and inconsistent and difficult proposals to evaluate, and then the developer gets involved in politics and many complications that ultimately discourages him and leads to these delays.

I think the experiences they had in Boston, which is written up in the architectural magazine, goes through this. I am talking about what the experiences have been in Boston that are similar to the experiences that you people are facing here today.

COMMISSIONER GOLDMAN: Question, please.

COMMISSIONER MORRISON: Mr. President, may I ask the staff, did a body of recommendations and conclusions come out of Phase I?

MR. VICKERS: We haven't got his final report yet, but the interim report -- he submitted a set of drawings that he showed here at the last Port meeting.

COMMISSIONER MORRISON: The staff, as I understand it, is not proposing that that work be approved, but only accepted; is that correct?

COMMISSIONER BRIDGES: Isn't it too early to decide that? My understanding was, that is a step in the direction.

COMMISSIONER ROTHENBERG: I think Mr. Goldman's motion simply approves what the staff recommended.

COMMISSIONER MORRISON: Well, I don't see any point in pursuing the matter, Mr. President. I wish to be recorded

as voting no.

(The motion was carried: Commissioners Bridges, Goldman, Rothenberg and Rudden - aye; Commissioner Morrison - no.)

PRESIDENT RUDDEN: I would like to reemphasize what I said a moment ago, and I hope that the staff will get from Mr.Ciampi the balance of Phase I, and keep the door open with him, so that, should our findings in the future require further analysis such as he has been doing in Phase I, we can call upon him.

COMMISSIONER GOLDMAN: Mr. Chairman, that is very difficult for me to perceive, and I am concerned for the staff as to what is expected of them.

I am sure that the staff will respond to anybody, including Mr. Ciampi, at any time that there is something of positive value.

I don't want there to be a cloud hanging over as to just what we are going to do, and I hope you didn't intend it that way, Mr. Rudden. We just simply respect Mr. Ciampi's input and his interest, and actually we look forward to hearing him, but we have no commitment now at this stage, other than to resolve this particular item where, number one, he is to give us a final report; and, number two, we are to pay him.

Is that correct?

PRESIDENT RUDDEN: Right. I didn't intend that there be any cloud.

Let us move on to Item 7.

MR.HUNTSMAN: Item NO. 7 is a report on the default

of the "SS DOLPHIN REMPP" lease, effective January 29, 1978.

At the Commission meeting of December 28th, the Commission found that the lease, "SS DOLPHIN REMPP," was in default on two counts; and that was the submission of certain drawings to the Chief Engineer, and the presentation of certificates of insurance naming the Port as an additional insured.

As of this date, certain drawings have been submitted to the Chief Engineer. However, no evidence of insurance has been presented to the Port.

Mr. Rempp is here at the meeting, and wishes to speak to this item.

MR. ADOLPHE REMPP: Mr. President, Mr. Cortesi, our agent for Kindler & Laucci, assured me yesterday that we are covered for $500,000 on public liability, $350,000 on fire.

COMMISSIONER GOLDMAN: Do you have evidence of insurance, a binder?

MR. REMPP: No. He told me to say this to you this morning. It was late yesterday that I got in touch with him.

COMMISSIONER GOLDMAN: If what you say is true, he could have delivered to you by this morning evidence of insurance. Do you have it in hand?

MR. REMPP: No, I do not. He said that this would change, though, as soon as we are open for business. Some other arrangements would have to be made.

COMMISSIONER GOLDMAN: What is the recommendation of the staff, Mr. President?

MR. DAVID: To clear the default, I would like to

add, we have it on the meeting of the 25th, but he has until the 29th to clear this, and I suggest that Mr. Huntsman is only looking for evidence of this insurance, are you not?

MR. HUNTSMAN: That is correct.

COMMISSIONER ROTHENBERG: So that means that as soon as evidence of insurance is provided, the default will be relieved?

MR. HUNTSMAN: In accordance with the terms of the lease, Mr. Commissioner.

COMMISSIONER MORRISON: Mr. President, let me, if I may, tie the time down. I wasn't present at the meeting where Mr. Rempp was found in default.

You say there were two points in which he was in default. There were certain engineering drawings, which have been submitted?

MR. HUNTSMAN: Yes, sir.

COMMISSIONER MORRISON: Is he now in conformity? Has he cured himself from default in that respect?

MR. VICKERS: Most of the drawings have been submitted; the architectural drawings and the structural drawings, and my staff assures me that they are perfectly checkable, and will probably be approved in the near future.

The electrical drawings have not been submitted yet, but that is not unusual to have electrical drawings come in afterwards. So, drawing-wise, I would say he is in good shape.

COMMISSIONER MORRISON: And what period does he have in which to cure himself?

MR. HUNTSMAN: He had the period from the last meeting

which was December 28th, until January 29th, four days from now.

COMMISSIONER GOLDMAN: Mr. Chairman, there is evidently nothing to be done today. Until Mr. Rempp has provided us with evidence of insurance, and I don't mean just the word of an insurance agent -- I have been in business long enough to know the difference -- that would qualify at this time. If he is unable to present it, then I think you have to recognize, Mr. Rempp, that you are in default.

PRESIDENT RUDDEN: Well, if he has an insurance binder --

COMMISSIONER GOLDMAN: We have to know who the insurance company is, the viability of the insurance company. It has got to be a piece of paper, and that is going to be Mr. Huntsman's responsibility to determine that.

Now, the next part of it is, it is up to you, Mr. Rempp, to be able to present this information.

My concern is much beyond it, because we have been discussing this boat for a long while, and we have spent a lot of time with it, out of proportion to some of the other responsibilities we have.

Since you are here today, I would like to know, assuming that you are able to qualify and support the evidence we need, what is your date of completion of the work, so that you can be in business?

I want you to pick a date at the outside that is satisfactory to you, unless there is a limit on this.

MR. THIEMANN: We gave him until July 1 at the last

meeting.

MR. REMPP: We will be open July 1.

COMMISSIONER GOLDMAN: And if you are not open July 1, what would you consider that this Commission should do?

MR. REMPP: We will be open. We will be open, irregardless.

COMMISSIONER GOLDMAN: I understand that you have to put in a sprinkler system, among other things?

MR. REMPP: That is a two or three-week job. We have to put in electrical. The electrical plans will be in this weekend, I believe.

COMMISSIONER GOLDMAN: Can we ask of you, then, if you are unable to open for business on July 1, what can we expect to have done with the boat, assuming you don't proceed?

MR. REMPP: We will be open July 1.

COMMISSIONER GOLDMAN: Okay. And what if you don't?

COMMISSIONER ROTHENBERG: Sail it over to Treasure Island.

(Several voices at once.)

MR. REMPP: Why look at that end of it now? Let's wait until it happens.

COMMISSIONER GOLDMAN: I know, because it has been delayed. How long has it been since you were first given approval to proceed?

MR. REMPP: Two years, but we were supposed to have gone into Pier 7, but they claimed they were going to tear down Pier 7.

COMMISSIONER GOLDMAN: How long has the boat been

sitting on the deck where it is today?

MR. REMPP: Two years.

COMMISSIONER GOLDMAN: You say wait until July 1. I can't wait until July 1. You have got two years now, and you have got six months to go. What insurance do we have that you will have completed the work and that you will be functioning in July?

MR. REMPP: Well, I am putting all my effort into it.

COMMISSIONER GOLDMAN: We appreciate the effort, you know, but it has been two years so far, and that effort doesn't satisfy some of us that you are going to complete it.

What I would like to suggest is that, if you are unable to complete it, you have an obligation to remove it on or before July 1 from where it is, and remove it to another location.

PRESIDENT RUDDEN: Chuck, what is your estimate on completion? Have you any idea?

MR. VICKERS: Well, with the plans in now, I think he could be complete by July 1.

COMMISSIONER ROTHENBERG: I don't think this is something we should be worrying about until the next meeting after July 1. There is nothing we can do.

COMMISSIONER RUDDEN: Let's close this with evidence that you are going to bring Mr. Huntsman of the insurance, and it is up to you to make a determination that the insurance is adequate. The other issue we will take up at a later time.

COMMISSIONER ROTHENBERG: Could I possibly get out

of the staff, since I missed the last meeting, something on our other default, the Barbary Coast thing, whether that has been cured or whether that still hangs fire?

MR. LYNCH: Barbary Coast, Ed David signed the assignment yesterday, and George Lu picked up the assignment, and my understanding is they are going over to Hong Kong to obtain a loan.

I think the time with Barbary Coast expires in February.

COMMISSIONER ROTHENBERG: I didn't know whether it had been resolved in my absence. So they are technically still in default?

PRESIDENT RUDDEN: Excuse me just for a moment. You are discussing something that is not on the agenda.

COMMISSIONER ROTHENBERG: That is unfinished business, and I just wondered why it wasn't on the agenda. I just wanted to know where both of them are.

MR. TAORMINA: One of the reasons for the delay was that they couldn't secure the proper financing without that change from Barbary Coast to Bay Corporation. That was delayed, and that was finally resolved this week, and now I think we will be able to move ahead.

(Short recess.)

PRESIDENT RUDDEN: May we come to order, please?

COMMISSIONER ROTHENBERG: Mr. President, given the lateness of the hour, since we have to pass on this budget, I wonder if we might accelerate the budget, or if there are any other issues that we can just pass over without any great

debate, and maybe table some of these other matters.

MR. DAVID: Mr. President, I would like that Item 8 be deferred until your meeting of February 8.

COMMISSIONER BRIDGES: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos - none.)

MR. HUNTSMAN: Item 9.

COMMISSIONER ROTHENBERG: If we table No. 8, does that affect 9?

MR. VICKERS: Yes, it does. We also only have thirty days in which to award the contract.

PRESIDENT RUDDEN: What is your recommendation, Ed?

MR. TAORMINA: I think we can move through the rest of the items rather quickly.

MR. HUNTSMAN: Item 9.

PRESIDENT RUDDEN: Are we back to 8?

MR. TAORMINA: 8 has been put over.

PRESIDENT RUDDEN: We are skipping 8.

Now, then, 9, what is it?

MR. VICKERS: Jim has got them all lined up there.

MR. HUNTSMAN: Item No. 9, recommend a review of the bids received January 9, 1978, for Contract No. 2480, Seawall Lot 349, the removal of Buildings 7, 8, 9, 22 and 80.

The low bid received was $11,900 from Heim Brothers, Inc.

A favorable recommendation is requested.

COMMISSIONER ROTHENBERG: Move the award.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos, none.)

MR. HUNTSMAN: Item No. 10, request approval of plans and specifications and authorization to solicit bids for following contracts:

Contract No. 2483, Seawall Lot 349 North, Improvements to Building C, electrical distribution, fire alarm and telephone ducts; 10.b, Contract No. 2485, Seawall Lot 349 North, Improvements, portable toilet, pump station, sanitary sewer and domestic water. This item is associated with 9.

The staff recommends approval.

COMMISSIONER ROTHENBERG: What do we use this lot for?

MR. VICKERS: This is all part of getting the area ready for the auto processing.

COMMISSIONER MORRISON: Move approval.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos - none.)

MR. HUNTSMAN: Item No. 11, Review bids received January 23 for Contract No. 2481 for Pier 48, door height modifications, Sheds A and B.

The staff recommends approval of the Nibbi proposal in the amount of $4,765.

COMMISSIONER GOLDMAN: So move.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners

Bridges, Goldman, Morrison, Rothenberg, and Rudden - aye; nos - none.)

MR. HUNTSMAN: Item No. 12, removal of buildings at 33 Berry Street, Seawall Lot 335, formerly Foreign Trade Zone.

The back-up material is in your packet.

Recommend approval.

COMMISSIONER ROTHENBERG: Move.

COMMISSIONER BRIDGES: Second.

COMMISSIONER GOLDMAN: What is going to happen to that property?

MR. THIEMANN: It will be available for development.

COMMISSIONER ROTHENBERG: Will there be a sub-structure left?

MR. VICKERS: No. It will be cleaned off to the pavement.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg, and Rudden - aye; nos - none.)

MR. HUNTSMAN: Item 13, Modification No. 1 to Standard Agreement 1024 with H. G. Degenkolb and Associates in the amount of $42,000.

Staff recommends approval. The back-up material is in your packets.

COMMISSIONER GOLDMAN: Mr. Chairman, I think, only because this has a longer-range potential, I think it is subject to discussion, and if you prefer we can put it off.

MR.VICKERS: If we can, I would like to move ahead with that. This is just an engineering package, and I think

we should move ahead with it.

COMMISSIONER GOLDMAN: Well, it is not a final study in itself, then? It is just the first phase, isn't it?

MR. VICKERS: This is the engineering design, and then I will be back to you with the final plans for the actual work before we go out to bids.

COMMISSIONER BRIDGES: This is a pretty long-range thing, isn't it? This is not just on a small item.

MR. VICKERS: This is to prepare the plans and specs like I talked about, so that the building can be leveled, and then monitoring continued for the next five years.

COMMISSIONER MORRISON: Mr. President, Mr. Vickers has been over this with us, and I will move.

COMMISSIONER ROTHENBERG: I will second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos - none.)

MR. HUNTSMAN: Item No. 14, Property, approval of lease, Pier 9, California Inland PIlots Association.

Staff recommends approval.

COMMISSIONER BRIDGES: So move.

COMMISSIONER ROTHENBERG: Can I just ask a question of Mr. Meyers? Is he still here?

(No response.)

COMMISSIONER ROTHENBERG: I just want to make sure, since we are giving them a long lease, what are we giving them, a twelve-year lease, a thirteen-year lease? I just want to make sure that is what we are going to continue to use Pier 9

for, as opposed to giving them a shorter lease.

MR. THIEMANN: Well, this is a very small area. In fact, it is a storeroom. The Inland Pilots are going to spend a considerable amount of money to create offices, showers, and things like that. This is the same kind of operation as these other three long-term leases on Pier 9. That is why we made it run the same term.

COMMISSIONER ROTHENBERG: I will second.

COMMISSIONER BRIDGES: If we didn't use it for this, it would be pretty tough to --

COMMISSIONER ROTHENBERG: I will second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos - none.)

MR. HUNTSMAN: Item 15, under Fiscal and Administrative, is approval of the Port Budget for fiscal year 1978-'79.

A copy of the POrt Budget was put at each Commissioner's place this morning.

The staff recommends approval.

Mr. Herren?

MR. HERREN: Good morning, Mr. President, gentlemen of the Board.

You have before you the proposed budget for the year 1978-'79 for approval.

There has been a modification since we mailed to you your original budget. In reviewing the present financial situation of PFEL, we have decided not to use the supplemental appropriation that was shown in the original budget. It has

been modified, and the budget has been reduced.

We are recommending $17,390,000 in revenue for fiscal year '78-'79. It is a balanced budget, and we recommend your approval.

If there are any questions, I will be glad to answer them.

COMMISSIONER MORRISON: Mr. President, I have a question.

You have determined, Mr. Herren, and you recommend to the Commission, that in view of our present financial position, we do not have an unappropriated surplus. Is that correct?

MR. HERREN: Yes. This has been discussed with John Farrell, the City Controller, and he has agreed to it.

We can pick this up later on in the year, if the financial condition brightens.

COMMISSIONER ROTHENBERG: I will move approval of the budget.

COMMISSIONER MORRISON: I will second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos, none.)

COMMISSIONER BRIDGES: I guess it ought to be mentioned for the record, we considered the budget in off-the-record sessions.

PRESIDENT RUDDEN: Yes. You might let the record show that each Commissioner has previously reviewed the budget and there have been discussions with the staff.

MR. HUNTSMAN: Item 16 is a Commission item, to appoint an advisory committee of the San Francisco Port Commission for the purpose of recommending the appointment of a Port Director, and also adopt a broad set of qualifications for the position.

COMMISSIONER BRIDGES: I so move.

COMMISSIONER GOLDMAN: Mr. Chairman, I want to be sure that the wording is understood. Originally I thought that the committee was to accept the various submissions and to weigh them, and to submit more than one to us for our consideration. Has this now changed?

PRESIDENT RUDDEN: No, that hasn't changed. As presently set out, these are the qualifications. When we sit down with the committee, these things will be determined, and they will submit a number of names for a selection by this Commission.

COMMISSIONER ROTHENBERG: I think what Mr. Goldman is concerned about is the way the first sentence is phrased. It says making a recommendation. Maybe making recommendations for the position of Port Director, or something like that, would clarify his concern.

This implies they are going to give us the name of the person we should hire.

COMMISSIONER GOLDMAN: It has been changed a couple of times. The most recent reads as follows, I believe:

"To appoint an Advisory Committee
for the purpose of recommending the
appointment of a Port Director,"

and also for us to adopt a broad set of qualifications.

PRESIDENT RUDDEN: No. Making a recommendation. We can ask for five names, or whatever. You could put five if you wanted to.

COMMISSIONER GOLDMAN: What is it, for recommending or submitting the names?

PRESIDENT RUDDEN: What it says, making recommendations of a San Francisco Port Director.

COMMISSIONER GOLDMAN: It doesn't say that.

COMMISSIONER MORRISON: Mr. President, we may as well clear that up. Why don't we say for the purpose of recommending candidates for appointment as Port Director?

COMMISSIONER BRIDGES: I think that would be better, candidates of all kind, including women.

COMMISSIONER ROTHENBERG: I will move it, if it needs being moved.

COMMISSIONER MORRISON: Second.

PRESIDENT RUDDEN: Candidates for appointment as Port Director.

COMMISSIONER MORRISON: Making recommendations for candidates for Port Director.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos - none.)

PRESIDENT RUDDEN: Make that a part of the record.

COMMISSIONER MORRISON: Mr. President, as I understand, we have voted in favor of this motion.

PRESIDENT RUDDEN: We have on this one here. Now we

have got the broad --

COMMISSIONER MORRISON: I move the proposed statement of qualifications for prospective Port Directors be approved by the Commission.

COMMISSIONER BRIDGES: Second the motion.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos - none.)

MR. HUNTSMAN: That concludes the items on the agenda.

MR. DAVID: Mr. President, if you have a moment, Mr. Barney Gould has a statement.

MR. BARNEY GOULD: As usual, gentlemen, I will be brief.

I didn't intend to appear here today, but I did write a letter that you all received, and it happens that a historic occasion will occur Friday, in Rio Vista, at which the famous and very historic riverboat, DELTA KING, will be auctioned for taxes in the County of Solano.

I have interested two or three responsible parties, and am hoping they will bid on this invaluable, last-remaining California riverboat, which would be an invaluable asset to San Francisco in commercial recreation; which, as you all know, I proposed for Gold Rush Harbor, along with other craft, in accordance with Northeastern Waterfront Plan, at Pier 1 or Pier 3.

I don't know whether these people will be successful in the highest bid for the DELTA KING, but I do know this, that

nobody in his right mind will bid on anything without the knowledge there is a place to put it.

I asked Acting Port Director David for a brief letter just saying in effect that San Francisco would welcome the DELTA KING. I was hoping I could get such a letter and present it to some of the people that I talked to, indicating that San Francisco would really very much want this historic craft if they are successful in their bid.

I can be a little more specific in what will happen. The people from Sacramento, where the old Sacramento Plan is beautifully developed now, want it very much, and they have a group up there who want to get the DELTA KING. Whether they will be successful bidders or not, I have no idea. They probably will, and I don't have the money, obviously, but I have interested other people. Everybody knows how long I have been trying to preserve historic riverboats, ferryboats and sailing ships and everything else in San Francisco, but this is the last chance on the last remaining California stern-wheeler.

Now, I meant to be specific. What will happen Friday, the successful bidder will then be subject to court action on February 10th, in which someone else can come in and raise the bid ten percent. If my people are not successful in the Friday auction, then I would hope that they would come in and bid ten percent higher than the successful bidder. If they do, then, of course, you get into a donnybrook in which he could bid another.

COMMISSIONER GODMAN: May I ask a question? It isn't

that this boat is going to be disassembled, but the fact is there is a group in Sacramento that very much wants it to be housed there?

MR. GOULD: That's correct.

COMMISSIONER GOLDMAN: So somebody is going to buy the DELTA KING?

MR. GOULD: That's correct.

COMMISSIONER GOLDMAN: Your concern is that we are going to outbid somebody else and find a place down here for it?

MR. GOULD: Basically that, that this Commission in effect welcomes the DELTA KING, if they are successful in getting it.

COMMISSIONER GOLDMAN: Welcome them where?

MR. GOULD: In part of the Northeastern Waterfront Plan, at the historic ship harbor at Pier 1 or Pier 3.

COMMISSIONER ROTHENBERG: Ed, do you have an opinion on it?

MR. DAVID: My problem in a discussion with Barney Gould was, I have an interest in the DELTA KING, but in sending such a letter I thought there was the implication we would be guaranteeing a berth here in San Francisco.

COMMISSIONER ROTHENBERG: Could it tie up at the Nautical Museum?

MR. GOULD: That is under the GGNRA now, Commissioner, and, of course, they act very slowly.

COMMISSIONER GOLDMAN: Realistically, maybe it belongs in Sacramento and not here.

MR. GOULD: Well, of course, it was a home port in both places.

COMMISSIONER GOLDMAN: If they have already got a place designated, and we have to go through the vacillations to try to determine that, I think we ought to accede to them and say "Good luck" to them.

MR. GOULD: Well, I don't agree, naturally.

COMMISSIONER MORRISON: Mr. President, it would seem to me a great thing to have the DELTA KING here. I realize we can't at this stage give a hard-and-fast commitment to Mr. Gould that if he is successful in purchasing the vessel we will as a matter of course give it a berth.

I would think it might fit very well into the Pier 1 - Pier 3 complex, and that is our policy, to berth ships there.

I wonder whether we couldn't phrase our approval in a way that would help him and not tie our hands, Mr. President?

Let me propose the following resolution:

BE IT RESOLVED that it is the policy of the Port of San Francisco to berth all types of historic vessels at the Port, and the POrt Commission would welcome the opportunity of considering proposals for the berthing of the DELTA KING at the Port.

MR. GOULD: That will be perfectly satisfactory, if the Commission so agrees.

COMMISSIONER GOLDMAN: Mr. President, I think that really puts our neck out a long ways, because I think there is the implication, even though it is done in vague terms, that would indicate that, if successful, we would find a place for it,

and the trouble is whether we really analyze how many ships we can accommodate in the area, and how they will fit together so we won't have a vast number without having any particular meaning, plus the fact that we are having enough trouble right now clearing the right to house one that we approved many months ago.

I think the timing is working very much against us, and I wouldn't want us to be in a position where we have, by implication, made a commitment.

MR. GOULD: Commissioner Goldman, if I may say so, you have already approved two historic ferryboats for the area, and this is the only riverboat.

I am not even saying we can get it. I am just hopeful that we can get it, and, of course, a sailing ship eventually should be part of this historic complex in commercial recreation.

The difference between this and the Hyde Street or now GGNRA complex of historic shipping, which, by the way, I founded in 1947, is that none of those ships are to be used in commercial recreation. In other words, they will have no restaurants or shows or anything of that kind.

This is an attempt to do the same thing in a way that will benefit both the City of San Francisco and the Port of San Francisco.

COMMISSIONER MORRISON: Mr. President, if Mr. Gould is successful in acquiring the vessel, obviously he will come before us with a proposal for berthing. Obviously we will consider that proposal. It doesn't endanger us in any way to

say that. What the obvious facts of the matter would be, I think, and it might aid him in his effort to acquire it.

COMMISSIONER GOLDMAN: As long as it is understood that we are not committed to it by implication or by statement. That's all.

COMMISSIONER ROTHENBERG: I think a romantic notion on occasion is good for an august body like this. I will move Commissioner Morrison's proposal.

COMMISSIONER BRIDGES: With the understanding we are not committed.

When the matter comes before us, we will give it serious consideration, because it is our policy to accommodate historic vessels. I am for the general idea, Barney, but we can't commit ourselves in advance, and when somebody says, "What did you mean by this?" we say we did not mean anything.

But we are operating in accordance with our regular program.

COMMISSIONER ROTHENBERG: I think Ed knows what it needs.

MR. DAVID: I will provide such a letter.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; nos - none.)

(Whereupon, at 12:20 p.m. the meeting was adjourned.)

---oOo---

C E R T I F I C A T E

I, SARAH W. HUNTER, do hereby certify that the foregoing is a true and accurate record of the proceedings had at the time and place herein designated.

That said proceedings were reported by me stenographically and later reduced to typewriting under my direction.

Sarah W. Hunter
SARAH W. HUNTER

OFFICIAL SEAL
SARAH W. HUNTER
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
MARIN COUNTY
My Commission Expires Nov. 6, 1977

Maggie Walsh

SAN FRANCISCO PORT COMMISSION

REGULAR MEETING

Minutes

February 8, 1978

Board Room

Ferry Building

MAR 1 1978

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COMMISSIONERS PRESENT:

James J. Rudden, President

Richard N. Goldman

Jack Morrison

Alan E. Rothenberg

COMMISSIONERS ABSENT:

Harry Bridges

ALSO PRESENT:

Edward L. David, Port Director

Julius E. Herren, Bureau Chief, Finance & Administration

James E. Huntsman, Administrative Service Officer

William Lynch, Deputy City Attorney

James Riemers, Chief Wharfinger

Anthony J. Taormina, Deputy Port Director

Harry J. Thiemann, Commercial Property Manager

Charles Vickers, Chief Engineer

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P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order, please?

May we hear the first item on the agenda, the report from the Port Director?

MR. HUNTSMAN: Mr. President, request approval of the minutes of January 16, 1978.

COMMISSIONER ROTHENBERG: So move.

(The motion was seconded, and carried unanimously: Commissioners Goldman, Morrison, Rothenberg, and Rudden - aye; Commissioner Bridges - absent.)

PRESIDENT RUDDEN: Go ahead.

MR. DAVID: Mr. President, I wanted to bring to your attention the semiannual meeting of the Pacific Coast Association of Port Authorities, which will be held in Burlingame on February 16 and 17. Our representative to this is Jack Morrison. Can I assume,Mr. Morrison, that you will be in attendance?

COMMISSIONER MORRISON: On one day or another, yes.

MR. DAVID: I further would like to comment on the Pier 54-56 proposal. Mr. Thiemann has been working with Mr. Gimmy, who made the appraisal, and he will have an evaluation prior to our next regular meeting, and the staff will be making a recommendation regarding the proposal at the second meeting in February.

COMMISSIONER ROTHENBERG: Will that lay out briefly each of the proposals and explain the one you chose, and what the trade-offs are?

MR. THIEMANN: That's right, and Mr. Gimmy will be here to answer any questions.

MR. DAVID: I would further ask that you put over Item 6 regarding the work on the Ferry Building. You requested, when the staff made a recommendation at your last regular meeting, that we report back to you at this meeting. We would prefer to have this put over and hold a special meeting regarding the Ferry Building, perhaps in the first week of March.

PRESIDENT RUDDEN: Any objection?

Okay, it is put over.

COMMISSIONER ROTHENBERG: Do we have to wait until the first week of March? Is it awkward to do it before that?

MR. DAVID: I think the information that we want to have for you won't be available until the end of February.

PRESIDENT RUDDEN: If it is, you can put it on the agenda earlier.

COMMISSIONER GOLDMAN: Mr. Chairman, I will be out of town. I will be back to attend on the second of March. I will be back for that meeting, but I will be out of town the first. I will be back the second.

MR. DAVID: I further would like to ask that you go into an executive session at the end of the regular meeting to discuss some pending litigation.

PRESIDENT RUDDEN: I have discussed that with Mr. Lynch.

MR. DAVID: That is all I have.

MR. HUNTSMAN: Item No. 4, report from the Bureau Chief, Finance and Administration.

MR. HERREN: Good morning, Mr. President, members of

the board.

If nothing further happens, we will have our financial sheet by Friday.

COMMISSIONER GOLDMAN: Financial sheet, what is that?

MR. HERREN: Financial statement, fiscal year of '77.

COMMISSIONER GOLDMAN: You expect to have it by Friday?

MR. HERREN: Friday.

COMMISSIONER GOLDMAN: Two days.

MR.HERREN: We are meeting this afternoon. It will probably be the final meeting, and they are expecting an opinion from the Deputy City Attorney, and he is over there this morning meeting with them, so we should have it by Friday.

PRESIDENT RUDDEN: But we may not?

MR. HERREN: We may not. Some article may come out in the newspaper and they will hold it up again.

COMMISSIONER ROTHENBERG: I just wondered if you could bring us up to date on the financial side of the PFEL thing. I hate to keep learning about it by reading in the paper, in terms of what the amount is of their receivables, and other items. I am just purely looking at it from the dollars and cents thing. I am wondering if you can tell us what he has gotten in the till.

MR. HERREN: Well, we have received a check from them. It was certified. We had it certified, and this is now in the bank.

COMMISSIONER ROTHENBERG: The check was supposed to be for February?

MR. HERREN: That is correct, yes.

COMMISSIONER ROTHENBERG: And will they continue to --

MR. HERREN: It is my understanding they will.

Under Chapter 11, they are supposed to keep their current accounts current.

COMMISSIONER ROTHENBERG: And they have protection from us going after the back --

MR. HERREN: That is correct. They have two months in order to submit a financial sheet to the judge and present his repayment plan to the debtors.

COMMISSIONER ROTHENBERG: Could you tell us what our receivables are, leaving out PFEL? Would you happen to have that figure handy? We don't get it reported to us with any frequency. I was just curious. I know the PFEL thing overshadows all the rest of them.

MR. HERREN: Well, I have been so busy with PFEL --

COMMISSIONER ROTHENBERG: I don't hold that against you. I was just wondering --

MR. HERREN: I believe it was about $600,000 other than that.

COMMISSIONER ROTHENBERG: Mr. President, what do you think about our getting, once a month, just a listing of what our receivable position is, since on our budget they don't allow us to carry an item for uncollected receivables. Maybe it would be useful if we just got some kind of regular report.

MR. HERREN: I would be glad to do that.

COMMISSIONER ROTHENBERG: I think it would be useful.

COMMISSIONER GOLDMAN: As a matter of fact, Mr. Chairman, I think we started this one time, and we were receiving, or at least I saw a couple of the reports where we showed the length of time of receivables.

MR. HERREN: I can give you this every month without any problem.

PRESIDENT RUDDEN: If you look back, you will find that we did set up something on a progressive basis. As long as you can do it, it is no problem.

MR. HERREN: We will.

COMMISSIONER GOLDMAN: I think it is important that the media know about this, too, because there have been some irresponsible statements about the Port debt and not breaking out what it represented. I think it is about time that it be clarified for the public's proper knowledge.

MR. HERREN: And I will break it down, and I will show the PFEL total figure on the bottom.

PRESIDENT RUDDEN: Okay.

MR. HUNTSMAN: Item No. 5, consent calendar, one item, licenses and leases No. T-9790 through 9805 inclusive.

MR. THIEMANN: I would like to comment on just one of these which is not routine, the last one, 9805, Pet Environmental Products, Inc. and Kenneth Linka.

This is a license which will take the place of a previous license in the name of Westprint Press and Mr. Linka. We had some litigation between Westprint Press, Linka and the Port over unpaid rent, and he has paid all of his back rent,

and the City Attorney's office recommended that we give a license in these two names, with a guarantee of occupancy for one year. Mr. Linka was concerned jhat, because of the past differences between him and the Port, we might keep him there for a month or two and then cancel.

This license will have a clause which indicates that it will not be canceled except for cause during the next year, and of course that is standard anyway. We would not cancel anyone's license except for cause, unless the property is required for Port use or it becomes unsafe for occupancy.

It also stipulates that if he is more than ten days in arrears, the license will be automatically canceled without any further legal action.

COMMISSIONER GOLDMAN: What other types of tenants do we have in Piers 38 and 40?

MR. THIEMANN: Well, this is actually the bulkhead building between Piers 38 and 40, and there are several other office type tenants, and Service Engineering, a ship reapir company, is also in jhat building.

COMMISSIONER GOLDMAN: It is less than 1,000 square feet.

MR. THIEMANN: Yes, it is a very small area.

I would like to recommend approval of the licenses and leases.

COMMISSIOENR GOLDMAN: So move.

COMMISSIONER ROTHENBERG: I'll second.

(The motion was carried unanimously: Commissioners Goldman, Morrison, Rothenberg and Rudden - aye; Commissioner Bridges - absent.)

MR. HUNTSMAN: Item No. 6 has been put over.

Item No. 7, a report on the "SS Dolphin Rempp."

Mr. President, the Port has received evidence of insurance from Mr. Rempp on the "SS Dolphin Rempp" for liability and fire and extended coverage in the amounts indicated on the lease. Therefore, I request that nothing further be done in connection with the default of the "SS Rempp" at this time.

COMMISSIONER GOLDMAN: Do you have a binder in hand?

MR. HUNTSMAN: Yes, sir, I do.

COMMISSIONER GOLDMAN: What is the insurance company?

MR. HUNTSMAN: The insurance company is, for liability, Aetna Insurance Company, and for the fire and extended coverage it is Motor Vehicle Casualty Company through Cravens Dargan.

COMMISSIONER MORRISON: Well, Mr. President, I move that we declare him to be free of default.

COMMISSIONER ROTHENBERG: I'll second.

COMMISSIONER GOLDMAN: Question. Now that he has accommodated the insurance concern, there still is the basic issue, and that is, what is he going to do, and when?

COMMISSIONER ROTHENBERG: Well, I think the staff and Mr. Rempp have given us a date by which he has to perform.

MR. THIEMANN: July 1.

COMMISSIONER ROTHENBERG: I think it would be premature for us to --

COMMISSIONER GOLDMAN: All right. Now, if that is the outside date by which he will be prepared to perform, in

the event that he is not able, I think we should --

COMMISSIONER ROTHENBERG: Then he is in default.

MR. THIEMANN: He has 30 days then to correct the default.

COMMISSIONER GOLDMAN: In other words, by August 1 he either is operating or he isn't?

PRESIDENT RUDDEN: We can cross that bridge when we come to it.

COMMISSIONER GOLDMAN: Well, we postpone these things too often, Jim, and I think it is due time that we know just where we stand.

PRESIDENT RUDDEN: Well, we have already declared him free of default at the moment. We don't have anything else before us, unless you want to make a motion that he give us a report 30 days prior to July 1 as to where he stands.

COMMISSIONER GOLDMAN: Well, I just think it prudent business procedure. This is nothing new. It has been sitting there for a long time. Unless you feel comfortable letting this thing drag, I would like to have a deadline and see that action has either been taken or not.

PRESIDENT RUDDEN: I might suggest that we move that he give us a progress report 30 days prior to the date of July 1, so we will know whether progress is being made or not.

COMMISSIONER GOLDMAN: Let me ask you a question. When would you suggest that the deadline be drawn for either operating or not operating?

COMMISSIONER ROTHENBERG: Isn't the lease fairly

clear that if by a certain target something isn't accomplished, then it is in default, and there are certain things he can do to clear it, and if they don't clear the default, then 30 days later I am sure Warren Simmons will offer to buy the boat and take it down?

MR. THIEMANN: Well, actually, you have already taken the action, I believe. You did adopt the recommendation of the staff that he be placed on notice that he had to be in operation by July 1, and if he isn't in operation by July 1, then my understanding is that we give him a 30-day notice that he is in default, and he has 30 days to correct the default.

PRESIDENT RUDDEN: Can you give us a report on him 30 days in advance of that? That doesn't change the picture any, and it doesn't change Jack's motion any, but it just gives us a little advance notice.

I don't know what we will do with it at that time, but we will have it before us.

COMMISSIONER GOLDMAN: Let me raise this question. The motion is perfectly proper. I am speaking beyond the motion, because one of the problems we have been faced with is allowing things to drag on over a period of time.

Now, Mr. Rempp has been working on this project for a long while, and each time is another issue. We have another case in hand where a deadline was set by the developer and was passed as, I think, August 1, and is still not under way. I just don't know what our limitations should be in regard to delays in getting things accomplished.

I raise the issue because I think we have to learn to overcome it.

PRESIDENT RUDDEN: Okay. That is unanimous then, with the conditions.

(The motion was carried unanimously: Commissioners Goldman, Morrison, Rothenberg and Rudden - aye; Commissioner Bridges - absent.)

PRESIDENT RUDDEN: If that is okay, we will move on to the next one.

MR. HUNTSMAN: Item No. 8, a report on Pier 28 lease bids: (a) San Francisco Welding and Fabricating, Inc.; (b) Southwest Marine, Inc..

Request approval to award lease to Southwest Marine, Inc. Mr. Thiemann.

MR. THIEMANN: I sent copies of the bid proposals to you, and the bid from San Francisco Welding was in two parts. One, they proposed to pay $36,000 a year plus one percent of their gross income over $3,000,000. They predict that they will do $10,000,000 in the second year. However, the staff feels that this is an extremely competitive business. Most of the work that they do is on bids. The large contracts are awarded by the Federal Government, and there is a great deal of competition for them, so we wish to recommend that you not consider that portion of the bid.

Their second portion of the bid is in response to our minimum that we proposed in the ad, $68,400 a year, but they add some contingencies that the Port will place the pier in usable condition, existing structural damage will need to

be corrected, and the Port to structurally maintain the fender system, sewer system, roofs and walls during the term of the lease.

COMMISSIONER GOLDMAN: How much would that cost?

MR. THIEMANN: What would it cost?

COMMISSIONER GOLDMAN: Yes.

MR. THIEMANN: It could be astronomical over the 15 years.

COMMISSIONER GOLDMAN: This is the company you are recommending?

MR. THIEMANN: No. I am recommending against this one.

COMMISSIONER GOLDMAN: Oh, I see.

MR. THIEMANN: The other company, Southwest Marine, Inc., is bidding $73,800 per year minimum, five years with two five-year options.

There are two conditions: one, that the rent commence 90 days after the award of the lease or when occupied, if sooner. They have to do extensive alterations to the pier, do a lot of electrical installation, and so on.

Second, renegotiation of the fire insurance clause. We stipulated that they should have the 90 percent coverage of replacement cost, and they find that this is excessive, and we are recommending to you that the staff negotiate something acceptable to you and them in the way of insurance.

Mr. Smit is here, from San Francisco Welding, and I know he would like to speak.

MR. BERNARDIS SMIT: This is Mr. Picchi, from San Francisco Welding.

MR. ROGER PICCHI: We have been working on this for about two and a half years to get some sort of facility in the Port of San Francisco. To date we have been very unsuccessful.

We called up on two occasions about this bid, and we were led to understand that the percentage lease would be very favorable with the Port, and we spent many thousands of dollars preparing this. This is the result, and I would like our attorney to expand on it.

MR. SMIT: Mr. Chairman, we were here once before. I am Bernardis Smit. I am the counsel for San Francisco Welding.

We were here in December, and at that time the lease was going to be up for bid, and we had a lot of lengthy discussion, and at that time we asked the board to take into consideration some other factors that were more than mere dollar signs, and I mentioned at that time that my client had their headquarters here, and a considerable number of employees, both headquarters staff and employs about 100 people locally, and they have no place to go. We seem to be exhausted on the waterfront.

What we are doing here is to take a firm from San Diego to come in, and they are not going to have their headquarters staff over here.

We are sitting in a little building on Folsom Street, which we have completely outgrown, and we have got to go.

I am not saying this by way of a lament, but we have seen this so often in the City and in the Port, and here we go again.

This is a very profitable business. It is a long-time San Francisco business. Mr. Picchi's father started it, and they have been in ship repair for many years.

There is a rather ironic twist to this, and that is really the last thing I want to say about it, but when we were considering this bid, I had had conversations with Mr. Herren and Mr. Thiemann before, for a couple of years, so I decided to call Mr. Herren and Mr. Thiemann and say, what would the Port consider about the percentage bid? It seems to me it makes a lot more sense if the Port becomes our partner, rather than just have a dollar figure.

Both Mr. Herren and Mr. Thiemann were very enthusiastic about it, that is just what we are looking at, and so that is what I worked on, and we did a lot of work trying to put together a scheme whereby the Port would actually benefit by the level of activity, and yet with a minimum level that was not too bad.

We came up with a $36,000 floor plus one percent of gross, everything of gross over $3,000,000.

Now, I want you to remember that we don't do all our business on that pier. We do a lot of business in Alameda, in Oakland, in Richmond, all around the Bay, but we are offering the Port to let it participate in that portion of our gross.

Yes, sir.

COMMISSIONER GOLDMAN: What is your present volume of business? What volume did you do in '77?

MR. SMIT: The first seven months of the present fiscal year we are running at the rate of over $7,000,000. To date, if we had had this lease, we already would have paid the Port $70,000. For this year our estimate is $10,000,000, and we have no problem at all reaching it, and that would be $120,000 in the pocket of the Port, plus probably more, compared with the bid for $72,000. I think it merits some consideration.

COMMISSIONER GOLDMAN: One other question. What about this problem of the Port spending funds to put the facility in operating condition?

MR. SMIT: That was the other part of the bid. We had an alternate bid, the A and the B part. In the A part, all we are asking for the Port is to look and survey the pier so that we would not be required to put the pier in some kind of condition that it wasn't before we accepted it.

But we had an alternate bid for $5,700, and that is where we said, if we do that, then we would like to have the Port show repairs done before we enter it. But it is not part of our percentage bid.

Now, I should remind the Commission of another thing. Our firm has had 140 shipbuilding contracts in the last two years. Now, that is probably more than anybody else. It is very successful, and I can point to that with confidence, that we have had 140 contracts. These people have worked on the CORAL SEA and the ENTERPRISE. They have their walls hanging full of awards from masters, from shipbuilders, and from the Navy, how good a job they have done.

COMMISSIONER GOLDMAN: Excuse me. You said 140 jobs in two years, right?

MR. SMIT: One hundred forty contracts, yes.

COMMISSIONER GOLDMAN: So we can put it in perspective, does anybody know what type of business Southwest Marine, Inc. has had during the last two years?

MR. SMIT: I don't know.

MR. THIEMANN: I spoke to the gentleman this morning, and he told me that they did $12,000,000 gross last year, in San Diego.

COMMISSIONER GOLDMAN: They are not moving that facility up here.

MR. THIEMANN: No. They would start a new facility here. They would obviously have to hire their union laborers through the local union halls. Their top management, I have no idea.

COMMISSIONER GOLDMAN: Why would you recommend them over and above an established firm that has got a track record in the area, which is offering us a percentage of the gross of all the business they are doing?

MR. DAVID: As I understand it, Mr. Herren and Mr. Thiemann, this negotiation in a sense started more than a year ago, and we always represented that we wanted a minimum. Was that not correct?

MR. THIEMANN: That's correct.

COMMISSIONER GOLDMAN: We want the most income we can get.

MR. DAVID: No. We were recommending a minimum rent

for the pier facility, a minimum rent, and at one point, as I understood it, they accepted this, and then they came in here in November and suggested the importance of the jobs, and in our opinion the jobs could be the same with either company.

The other bid of $73,800, that in a sense is a minimum, because we will get 40 percent of all dockage of all vessels that are in there for repair.

MR. SMIT: That, of course, we are the same. But, in addition, does the San Diego firm promise a percentage of all work done in San Diago, too?

MR. DAVID: No.

MR. SMIT: Mr. Chairman, if I may, here is a brief list of contracts that my client did.

COMMISSIONER ROTHENBERG: I don't think we really need to get into that.

COMMISSIONER GOLDMAN: The important thing, Mr. Chairman, I think this should be referred back to staff to be resolved. I think we would all feel more comfortable in making a recommendation if all parties understood that the recommendation seemed to be the best available. We are dealing with a local firm as distinguished from someone from another area.

MR. THIEMANN: I would like to point out that the bid doesn't stipulate that they will pay one percent of every single job that is in the Bay Area or any place else. We understand this is the work that would be done at Pier 28, from this proposal.

MR. SMIT: That is the import of the letter.

MR. THIEMANN: It doesn't say that, Mr. Smit.

MR. SMIT: One percent of gross income of the firm, and the firm will move onto the pier and --

COMMISSIONER MORRISON: Mr. President, in a matter of this kind I am inclined to support the decision of the staff. I must assume that they have given the matter their best judgment, that they have been over it in detail, and have been able to come up with this recommendation. It is their operating judgment against mine at this stage, and I am not willing to substitute mine for theirs. For that reason, I would go ahead with it.

MR. SMIT: If I may add one more word, after being encouraged by Mr. Herren and Mr. Thiemann that this was a great idea about percentages --

MR. THIEMANN: That's not true, sir. I didn't encourage you.

MR. SMIT: You said it was a great idea.

MR. THIEMANN: That isn't what I said.

MR. SMIT: And then I spoke with Mr. Thiemann yesterday, and Mr. Thiemann said, well, after all, we don't know now how much you are going to pay.

Now, I feel that maybe if I had not received that first impression, then I wouldn't have worked so hard on the percentage offer, and in that case I think it should maybe go back to staff and give us another chance, and I will sharpen my pencil on the straight dollar, and maybe come in with a better bid.

COMMISSIONER ROTHENBERG: I would like to ask Mr. Thiemann a couple of questions.

Harry, I am assuming when you went through this you decided that the fixed floor was more important than the overages, just in terms of the probability?

MR. THIEMANN: Right.

COMMISSIONER ROTHENBERG: And, as I understand it, the other major differential is, the San Diego firm is prepared to make any improvements that are necessary to the structure?

MR. THIEMANN: And maintain it.

COMMISSIONER ROTHENBERG: And maintain it, and in the other case we would have continuing improvement?

MR. THIEMANN: That is correct. Not under the one percent deal.

But I would like to make something clear to the Commission. When Mr. Smit called me about making a proposal of a percentage rental, I told him that he certainly could do so, although it wasn't in response to the ad, and recommended that he also include the other type of proposal which was in response to the ad.

Now, he didn't indicate to me he was going to be paying a percentage above $3,000,000 or anything else. It was just a question of a percentage rental.

Normally, we speak of a percentage rental in terms of a minimum against the gross, and perhaps if Mr. Smit had tailored his bid in that manner, we would be looking at a different proposal.

COMMISSIONER ROTHENBERG: Do we have more than one facility that would be available for this kind of thing?

MR. THIEMANN: I don't think so, at this point.

MR. DAVID: No, sir, not at this time.

COMMISSIONER ROTHENBERG: What about the facility next to Beth? That doesn't have a pier connected with it?

MR. THIEMANN: No, that is not suitable.

COMMISSIONER ROTHENBERG: So the question I throw my fellow commissioners, I tend to go along with Jack. We have to defer on these kinds of things to Harry unless we somehow feel that we would have gotten better bids in both cases had we thrown out the overage question, and then the issue is the probabilities of actually getting those overages.

The only issue I could see we would not go along with the staff's recommendation is if we felt we had to turn down both offers and rebid it and say we want a percentage of the overage, and I am not sure the Port is going to come out the net gainer under that criteria.

COMMISSIONER MORRISON: Mr. President, may I ask Mr. Thiemann and Mr. David, is there anything that has been said or implied here at this meeting that shakes your confidence in the wisdom of your decision?

MR. THIEMANN: No, sir, not really. I have discussed the matter of the $10,000,000 gross revenue with two people in the ship repair business in San Francisco, and learned that one, who had been a tenant of ours from the beginning of their inception, just reached the $10,000,000 plateau last year for the first time in about 20 years, so there is some question as to whether the projection of $10,000,000 is a good one.

If we were speaking about one percent of all of

their revenues, starting with zero, or dollar one, against a minimum of at least $67,000 a year, that would be a different thing entirely. If you consider the one percent against $3,000, it is quite possible that is all you are going to get is $3,000.

COMMISSIONER MORRISON: Well, what about the suggestion that Alan made, that one possibility would be to put the whole matter out to bid on a new basis?

MR. THIEMANN: That is a possibility.

COMMISSIONER MORRISON: Is there any point in doing that, in your judgment?

MR. THIEMANN: Well, sure, there could be a point in doing it, although you are going to defer income to the Port for another two or three months, I presume.

I would recommend to you, again, that the least you would accept on a net, net, net basis, in other words, they accept the pier the way it is, is the $5,700 per month against a percentage, if that is the way you wish to bid it.

COMMISSIONER ROTHENBERG: Well, Ed, are you convinced, in terms of net jobs, that both of these alternatives would end up using the same hiring hall, and therefore we are not, by making one choice versus another, losing any San Francisco jobs?

MR. DAVID: I don't think we are. Mr. Riemers? Mr. Riemers is our Chief Wharfinger, and we have been doing business over a number of years with various ship repair, and if one doesn't get the contract the next company does. Isn't that correct?

MR. RIEMERS: They jump around. They keep a nucleus of their best people, because they have to be able to take the job, but generally speaking the hall is full one day and empty tomorrow.

COMMISSIONER ROTHENBERG: So either choice we make, theoretically the same bodies are going to be employed ?

MR. PICCHI: That is not the case. When the bid jobs leave the area, so do the jobs.

COMMISSIONER ROTHENBERG: What does the area mean, the Bay Area?

MR. PICCHI: The Bay Area. There are locals in Richmond. There are locals in Oakland. The only two that I can think of are laggers and possibly pipefitters that remain within the whole Bay Area. All the rest of the union crafts come from the local areas. Consequently, when Todd Shipyard in Alameda gets a job, most of the people come from that side of the Bay.

MR. RIEMERS: That is what we are talking about. If the job is here, the people will be from here.

COMMISSIONER GOLDMAN: May I ask a question of Mr. Riemers?

Mr. Riemers, because the other firm is headquartered in Chula Vista, is there a possibility that ship repair work would be directed to that location rather than this area? Do you see that as a problem or not?

MR. RIEMERS: No. I think they would be defeating their own purpose. I don't see why they would want a plant here, because they could do that anyway.

COMMISSIONER ROTHENBERG: And under their plan they have got to put in quite a bit of money to make this facility work, and since they don't have an overage contract, there is no incentive to try and send it some place where they have a better economic deal.

MR. PICCHI: I would like to say that we are willing to spend in the first year, our priority plan is spending $500,000 in improving the pier, with no outlay from the Port.

The competition is coming up here from a different naval base, because most of the work that supports the area in this district is from the Navy. We do get some other work. It takes an average of a year to get a navy contract in this area, if you work with the Navy. You can figure he would not get any navy work here for at least a year. It is very, very costly and very time-consuming to pursue these contracts.

COMMISSIONER ROTHENBERG: Mr. President, I suggest that we would pass this matter as it has been presented to us, or instruct Mr. Thiemann to send it back for bids on a triple-net basis, as he has suggested.

PRESIDENT RUDDEN: In the light of this, Mr. Thiemann and Mr. David, what are your recommendations?

MR. DAVID: For myself, I am still recommending this bid. I think we are getting a fair return for the pier. We have the opportunity of picking up additional revenue on the dockage. They are willing to do the repair work, and I don't think our recommendation, other than changing the ground rules, would be any different.

PRESIDENT RUDDEN: Sending it back for bids, in your

opinion, would gain nothing?

COMMISSIONER GOLDMAN: How long would the lease of the pier be?

MR. THIEMANN: Five years, with two five-year options.

COMMISSIONER GOLDMAN: Open to them, or --

MR. THIEMANN: No, at their choice.

COMMISSIONER GOLDMAN: So it could be 15 years?

MR. THIEMANN: That's right.

MR. SMIT: It seems, Mr. Chairman, that Mr. Thiemann's main objection, which he also voiced over the phone to me yesterday, was that we couldn't possibly do $10,000,000. Well, we are ready to prove that we have already done $7,000,000 so far in the first seven months.

Now, Mr. Thiemann says he has inquired around, and that we couldn't possibly do it, but he hasn't asked us.

COMMISSIONER MORRISON: Mr. President, I move that we approve the matter as presented.

PRESIDENT RUDDEN: If there are no objections, it is approved unanimously.

COMMISSIONER ROTHENBERG: Mr. Thiemann, I just have one thing. Is there any relation between Mr. Engel of Southwest Marine and --

MR. THIEMANN: His nephew. This gentleman formerly managed Al Engel's business in Southern California, and they separated, I understand, not friends.

MR. SMIT: Has the motion been made and seconded, at the moment?

PRESIDENT RUDDEN: It is approved unanimously.

(The motion was carried unanimously: Commissioners Goldman, Morrison, Rothenberg and Rudden - aye; Commissioner Bridges - absent.)

MR. HUNTSMAN: Under new business, Item No. 9, request for an increase in monthly parking rates. Mr. Thiemann.

MR. THIEMANN: Information was included in my back-up material about current rates and recommended rates.

At the present time, and also in the past, we have charged the same rate for the inside space at Pier 1 as we have for the outside space. If you will note, we are recommending an increase in the inside rates at this time at $4 above the outside rates.

This total package represents an increase of about 20 percent, and we felt that anything greater than that would be a little unfair in one jump, so, if the Commission approves this, we would like to come back to you again later this year with another review of the parking rates.

COMMISSIONER ROTHENBERG: We can change these rates whenever we wish?

MR. THIEMANN: Yes.

COMMISSIONER GOLDMAN: Mr. Chairman, I have some questions of Mr. Thiemann.

When was the current rate established?

MR. THIEMANN: Approximately a year ago.

COMMISSIONER GOLDMAN: Secondly, what is the outdoor parking charge on Pier 7?

MR. THIEMANN: I don't remember, but they have two

rates there. One is for getting there before 8:00 o'clock, or whatever it is, but I don't know what the rates are.

COMMISSIONER GOLDMAN: I am talking about monthly tenants.

MR. THIEMANN: I understand.

COMMISSIONER GOLDMAN: I can only comment to this extent. I know that in one of the local buildings, inside parking, the charge is $60 a month.

MR. THIEMANN: That's correct.

COMMISSIONER GOLDMAN: And I think that is low. I understand the Embarcadero Center is something higher than that.

I have trouble with having different rates for different people. I think our main concern here is to charge a fair and equitable rate to maximize the return to the Port.

Now, I can understand it maybe being something below the current rate elsewhere, but we are running at a rate that is ridiculously lower for comparable parking capability. If people want to use it, they are going to pay the going rate. I would think it is important to know what the rate is for comparable waterfront space.

The outside is, to me, a little different, because it is exposed to the elements, but for parking inside I see no reason that there should be more than one rate applying to everybody. I don't know any other businesses, unless they have a big parking lot that they can make available to their tenants, that give preferred rates to the employees.

I am perfectly comfortable with a rate lower than the going rate. I don't think it should be any more than 20 percent below the rate in a comparable facility nearby, and I think it should be standard for everybody.

COMMISSIONER ROTHENBERG: Do we know what the Golden Gateway would be, for example, Harry, in terms of the outside space?

MR. THIEMANN: I am sorry. I have that on my desk, and I didn't bring it with me, but we arrived at a conclusion that in this general area the outside storage rates are in the neighborhood of $25 to $40 a month, on the outside.

On the inside, there aren't any true inside storage spaces near here. The nearest is over on Howard Street, and as I recall, they have one rate for the tenants and another rate for outsiders, but off the top of my head I can't give it to you.

COMMISSIONER ROTHENBERG: Mr. Goldman, would you feel better about this if we put it over two weeks and had Harry come back with some comparables?

COMMISSIONER GOLDMAN: I think it is fine to consider the issue, and I commend Mr. Thiemann for working on the problem, but I think we should make a more realistic evaluation and bring it into line with the going rate.

MR. THIEMANN: Well, one of the reasons we have the several different rates is,because of the fact that we do have reasonable parking, we are able to rent space in this building. This is part of the act, in other words, and previous commissions have always recognized the fact that we

were subsidizing the parking, not only for our own employees, as you see here, but for the tenants, because in many, many instances, if we didn't have a reasonable parking rate we wouldn't rent the space.

COMMISSIONER ROTHENBERG: I have no problem with the differentials, but I just think, if it makes Commissioner Goldman happy to know that the top rates are comparable to the others, let's wait two weeks and do that.

PRESIDENT RUDDEN: Have you done this already?

MR. THIEMANN: Yes. It is available. I can send it to you.

COMMISSIONER ROTHENBERG: Why don't we just do that?

COMMISSIONER GOLDMAN: You mean you have the information on your desk?

MR. THIEMANN: It should be there, yes.

COMMISSIONER GOLDMAN: Can't we get it?

COMMISSIONER ROTHENBERG: Why don't we just do it next week? I don't think there is any urgency.

COMMISSIONER GOLDMAN: But I would think we should get it resolved, and I would think that preferential is all right, but being realistic, I think we are overplaying factors, and that is what I think we should give serious consideration to.

I don't know why the employees are paying at the rate of half what anybody else is paying.

MR. THIEMANN: The Commission established this some time in the past.

COMMISSIONER GOLDMAN: When?

MR. THIEMANN: I don't recall.

MR. DAVID: It was a Commission policy.

COMMISSIONER ROTHENBERG: Mr. President, can we just put this over for two weeks?

PRESIDENT RUDDEN: Okay. Let's put it over till the next meeting.

COMMISSIONER GOLDMAN: But I would like to know when that was established.

MR. HUNTSMAN: Item No. 10, request increase in delinquent penalty charges. Mr.Herren.

MR. HERREN: At the present time, gentlemen, we are charging 1.5 percent on the first $1,000 after 60 days, and then it drops down to one percent. I recommend that we charge 1.5 percent on all bills over 60 days old, covering rent, dockage, wharfage, electricity, demurrage and guaranteed deposits not paid.

COMMISSIONER ROTHENBERG: Does that mean after that change everybody will be paying 1.5 from day one?

MR. HERREN: Everybody will be paying the same, at an annual rate of 18 percent.

COMMISSIONER ROTHENBERG: From the point of delinquency?

MR. HERREN: Yes.

COMMISSIONER ROTHENBERG: What you are doing here, you are bringing the 60-day and above policy in line with the under 60 days?

MR. HERREN: Yes.

COMMISSIONER ROTHENBERG: So will that be on any amount?

MR. HERREN: Any amount over a dollar. We don't charge anything less than a dollar.

COMMISSIONER GOLDMAN: What you are saying is a flat 1.5 percent, regardless of the outstanding balance?

MR. HERREN: I move approval.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Goldman, Morrison, Rothenberg and Rudden - aye; Commissioner Bridges - absent.)

MR. HUNTSMAN: Item No. 11, request approval for Pacific Electric Sales to sublease space at Pier 9 to Automobili Servicio. Harry Thiemann.

MR. THIEMANN: Unfortunately, this tenant had a change in his business after he made considerable improvements in Pier 9, and he is requesting at this time permission to subrent to this company.

They do detail work and engine repairs on Rolls Royces and cars of this nature.

We have checked with the Fire Department and our own Fire Marshall and our Engineering Department, and there is no objection to this type of tenancy.

Under the terms of the lease, he must get your approval to sublease, but the approval can't be unreasonably withheld.

Your staff recommends approval.

COMMISSIONER ROTHENBERG: Unreasonably withheld means we can't be what?

MR. THIEMANN: Well, the space is vacant now. For

example, if this guy was going to go in there and do body and fender work and hammering, I think you would have a good reason to say no, but under these circumstances, we don't feel that --

COMMISSIONER ROTHENBERG: Would we have the right to revise the rent?

MR. THIEMANN: No, sir.

COMMISSIONER ROTHENBERG: So you are saying essentially, if he brings us a reasonable tenant, which probably means from a credit point of view and non-nuisance use --

MR. THIEMANN: He is still responsible for rent to us.

COMMISSIONER ROTHENBERG: I understand that, but essentially we can't use this as an opportunity to change the terms of the lease?

MR. THIEMANN: Not unless he is willing.

COMMISSIONER ROTHENBERG: I am sure he is not willing.

COMMISSIONER GOLDMAN: How long has he been a tenant of the Port?

MR. THIEMANN: He has been a tenant of the Port for probably seven or eight or ten years. I don't remember exactly.

COMMISSIONER GOLDMAN: So he actually has something like five to seven years to go?

MR. THIEMANN: No. This is a lease, if you recall, we moved the people out of Pier 3 to Pier 9, so this lease has about 13 or 14 years to go.

PRESIDENT RUDDEN: Suppose we don't do it?

MR. THIEMANN: I defer to legal counsel.

COMMISSIONER ROTHENBERG: Well, the issue is, really we are trying to help him get some return on his lease.

(Several voices at once.)

COMMISSIONER ROTHENBERG: He could keep paying us and not using it, of course, which would be shortsighted from his point of view. I am just wondering if there is some way we could have him work out a deal with the new tenant in terms of his leasehold improvements, and give us the opportunity to revise the basis of the lease. I don't know if he could find a tenant who could really do that.

MR. THIEMANN: He has been trying to find a tenant for three months. He has advertised, and given it to a real estate company.

PRESIDENT RUDDEN: Well, we aren't going to get any less.

MR. THIEMANN: No. You are going to get your full return.

COMMISSIONER ROTHENBERG: Is this tied to an index?

MR. THIEMANN: Yes.

COMMISSIONER ROTHENBERG: I'll move.

COMMISSIONER MORRISON: Second.

(The motion was carried unanimously: Commissioners Goldman, Morrison, Rothenberg and Rudden - aye; Commissioner Bridges - absent.)

PRESIDENT RUDDEN: Mr. Lynch?

MR. LYNCH: The next item, the last item, Mr. President, concerns potential litigation, and I request

that you go into executive session on that.

PRESIDENT RUDDEN: Okay. We will go into executive session.

(Whereupon, at 10:55 a.m., the Commission went into executive session, which was not reported.)

SAN FRANCISCO PORT COMMISSION

SPECIAL MEETING

Minute

February 17, 1978

Board Room

Ferry Building

MAR 1 1978

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Reported by:

Bonnie Corrigan

COMMISSIONERS PRESENT:

James J. Rudden, President

Jack Morrison

Alan E. Rothenberg

COMMISSIONERS ABSENT: Richard N. Goldman, Harry Bridges

ALSO PRESENT:

William P. Lynch, Jr., Deputy City Attorney

P R O C E E D I N G S

PRESIDENT RUDDEN: Well, may we come to order?

I see we have a big gathering this morning. We have one item which will be presented by our counsel.

MR. LYNCH: First, I would like to say for the record Commissioner Goldman has sent a wire waiving notice of this meeting and Commissioner Bridges was served under the requirements of the Brown Act. The Commission authorized us in Executive Session to appoint counsel and we have come up with the law firm of Rothschild, Phelan & Montali. I have discussed the matter with both Mr. David and George Agnost and both agree it would be favorable to hire this firm. The fee is $105.00 an hour if Mr. Phelan handles it and if the matter is insignificant he will give it to another man in the firm to handle at probably a lower fee. I have contacted several people in the bankruptcy community who have recommended this firm and I would recommend to the Commission to retain this law firm and have proposed a motion if the commission is agreeable. The wording of that motion should be read.

PRESIDENT RUDDEN: Will we get a progressive report or estimate from time to time as to what we are spending for these legal fees?

MR. LYNCH: As frequently as the commission desires to update you as to how many hours they have put in, any reports that you want I can request.

PRESIDENT RUDDEN: I think we should do both. You present it to them and we have a progressive report from the law firm not necessarily related to fees so we can have a good judgment of what is going on. We don't want to find some day we should have been looking into the matter more closely than we did because we were not first advised.

COMMISSIONER ROTHENBERG: Will most of their work initially be research?

MR. LYNCH: The cit is on the informal creditors committee and the firm will be attending those meetings. When they desire counsel to attend I will attend. They are representing our interests. It is superfluous for us to be there unless the firm deems it necessary. They will pursue discovery under bankruptcy rules and also protect our lease with PFEL, and finally check into the options

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regarding the license PFEL has on Pier 35 to see if any other action should be taken.

COMMISSIONER ROTHENBERG: Preserving that lease on Pier 96 and acting on Pier 35 are the two priorities -- do you think that action on Pier 35 will get resolved in the creditors committee?

MR. LYNCH: It will need the judge's approval through the creditors committee to the judge.

COMMISSIONER ROTHENBERG: Would PFEL object to that?

MR. LYNCH: That is what the attorneys would have to check into.

COMMISSIONER ROTHENBERG: I wonder whether Mr. David should be working with him -- would it be better to have Mr. David working with the attorney?

MR. LYNCH: I would think the attorney would use Mr. David.

COMMISSIONER ROTHENBERG: These are different types of matters, one which he might be able to twist, the other is more complex.

PRESIDENT RUDDEN: It says, "appoint special counsel to represent the San Francisco Port Commission."

This would affect our authority to move in actions, would it not, rather than to have them brought to us.

MR. LYNCH: He works for the Commission, he has whatever authority the Port Commission gives him, He should not be required to come before the commission for approval on minor matters but certainly would need your authorization before taking any action regarding Pier 35.

PRESIDENT RUDDEN: It says, "to represent the Port Commission" -- perhaps I am being a little bit picky on this, I would ask to what extent representation -- you may have answered this in what you just said. This is a sensitive matter I am concerned we do not let somebody who is not familiar with what has been going on in the past upset the apple cart, I would not want to be held --

COMMISSIONER ROTHENBERG: To have the matters brought back to the commission.

PRESIDENT RUDDEN: I see where a judgment might have to be exercised immediately. The horse would have been out of the barn.

MR. LYNCH: His authority is no more and probably less than the authority of the City Attorney, since the

City Attorney has an independent mandate. He is retained by the Port Commission as your attorney. On matters of urgency, we are going to have to trust his judgment to take action. On matters not urgent he will have to consult with Mr. David and the City Attorney's Office on certain matters.

COMMISSIONER ROTHENBERG: Perhaps you and Mr. David could meet with Mr. Phelan early and make clear what your concerns are so he won't have to be coming back to us.

PRESIDENT RUDDEN: "Resolve that Rothschild, Phelan & Montali be appointed special counsel to represent the San Francisco Port Commission in association with the City Attorney's Office in the bankruptcy action of the Pacific Far East Lines, Inc., and in any related bankruptcy actions or other actions incidental thereto.

"The following resolution is adopted by the San Francisco Port Commission of the City and County of San Francisco this 17th day of February 1978 by the following vote:

AYES: Morrison, Rudden, Rothenberg

NOES: None

ABSENT: Commissioners Goldman and Bridges."

COMMISSIONER MORRISON: I make a motion to adopt the resolution.

COMMISSIONER ROTHENBERG: I second the motion.

PRESIDENT RUDDEN: So, I now move for adjournment.

COMMISSIONER MORRISON: Who will be the final man -- the accountant?

MR. LYNCH: I discussed that with Mr. Phelan. In the past he has used accountants in these matters. He will advise us when and if it becomes necessary to use an accountant. I would suggest we go along with his advice, he anticipates we will probably have to use an accountant. He will approach the commission or the president of the commission to explain the need for an accountant. He mentioned as to the selection of an accountant he has several he has used in the past who understand bankruptcy and I would suggest we trust his judgment.

COMMISSIONER MORRISON: We talked about it as an immediate priority.

MR. LYNCH: He would like to become acquainted with the case first. PFEL has engaged new management which

might remove the need to get through this bankruptcy action.

PRESIDENT RUDDEN: Our next payment is due when?

MR. LYNCH: March 1st. In court PFEL testified they would make the payment though they are not going to make payments to some other creditors.

PRESIDENT RUDDEN: We should be concerned.

COMMISSIONER ROTHENBERG: I am assuming that if at some time there comes along a new ownership of PFEL, the company's rights to Pier 96 without further action might be transferred?

MR. LYNCH: Our leases with PFEL are not necessarily with the management or particular owners of PFEL. My opinion right now is that the lease with PFEL will continue.

COMMISSIONER ROTHENBERG: It could be sold as any other commodity? Have you read through the lease?

MR. LYNCH: Yes.

(Whereupon, at 9:44 a.m. the meeting was adjourned.)

SAN FRANCISCO PORT COMMISSION

REGULAR MEETING

February 22, 1978

MAR 6 1978

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COMMISSIONERS PRESENT:

James J. Rudden, President

Harry Bridges

Jack Morrison

Richard N. Goldman

Alan E. Rothenberg

COMMISSIONERS ABSENT: None.

ALSO PRESENT:

Edward L. David, Port Director

Julius Herren, Bureau Chief, Finance & Administration

William Lynch, Deputy City Attorney

James Huntsman, Administrative Services Officer

Anthony Taormina, Deputy Port Director

Harry Thiemann, Commercial Property Manager

Charles Vickers, Chief Engineer

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P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order, please?

MR. HUNTSMAN: Good morning, Mr. President.

Request approval of the minutes of the meetings of January 25, 1978 and February 8, 1978, with a correction to the minutes of February 8, 1978 by our Port legal counsel.

Mr. Lynch?

MR. LYNCH: I would recommend that the minutes of this meeting reflect that, in executive session, the Commission authorized the employment of a certified public accountant or other financial consultant, and also authorized the employment of bankruptcy counsel.

PRESIDENT RUDDEN: Okay. Do I have a motion on that?

COMMISSIONER MORRISON: So move.

COMMISSIONER GOLDMAN: Second.

PRESIDENT RUDDEN: Okay, and that includes the approval of the minutes, all unanimously.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

PRESIDENT RUDDEN: Okay.

MR. HUNTSMAN: Item No. 3, Executive Office report by the Acting Port Director.

MR. DAVID: Mr. President, I would like to introduce to you three cadets from the California Maritime Academy who are taking a course in political science, and are here observing the meeting today: Cadets Kirk, Peterson and Berger.

PRESIDENT RUDDEN: Welcome, gentlemen. We hope you will enjoy your stay here, and come to see us often.

MR. DAVID: I would like to request that we discuss the matter of setting up a special meeting in early March to discuss the redevelopment of the Ferry Building and also to discuss proposals for the marina at Central Basin.

Last night we received the report from Mr. Gimmy, and would be prepared in early March to give you our recommendation regarding the marina.

PRESIDENT RUDDEN: Any objection?

COMMISSIONER ROTHENBERG: Do you have a date in mind?

MR. DAVID: Any date that suits your pleasure, but I think these two issues deserve a special meeting.

COMMISSIONER ROTHENBERG: I agree.

PRESIDENT RUDDEN: Do you have a date, did you say?

MR. DAVID: I would like to make it the first Wednesday, if we could, in March.

PRESIDENT RUDDEN: Is that a meeting day?

MR. HUNTSMAN: No, sir. The meetings in March are the 8th and the 22nd. The first of March is a Wednesday.

COMMISSIONER MORRISON: May I suggest Friday?

MR. DAVID: Friday at 10:00 o'clock, March 3?

PRESIDENT RUDDEN: If there is no objection, that is approved, unanimously.

Okay. Let's go on.

MR. DAVID: I would like Mr. Lynch to make a report regarding the Barbary Coast.

MR. LYNCH: I have distributed a copy to the Commission

of the letter from Liu Chong Hing Bank regarding the loan to Barbary Coast Investment Corporation, and I find that the loan is satisfactory.

Now, I think Mr. Herren also has some information regarding this subject.

MR. HERREN: Yes. I have a letter of credit to Bay Corporation for $36,000 to cover their guaranteed rent. It was presented to me this morning. It is in order.

COMMISSIONER GOLDMAN: Mr. Chairman, question.

This matter, as we know, has been held up for a long period of time. As a matter of fact, Mr. Lu, I think around May of last year, assured us that by August 1 the construction would be under way. Subsequently, there have been these many interruptions, and we are now at the end of February and still see nothing happening.

It is one thing to obtain the necessary financial support. It is another thing to build the facility and to operate it. I think that the minutes of that meeting in May are very explicit. There were no ifs, ands or buts involved to those of the commissioners who were present. Mr. Lu assured us that as of August 1 construction would be under way, after which time he was extended for other reasons of delay until, I think, November, and here we are at the end of February and I see nothing happening.

I don't think it is fair to the City and County of San Francisco that this particular facility, which can bring a relatively excellent return to the Port, because it is probably as desirable a place for a restaurant as we have, is

still sitting vacant. All I can see is a continuation of the same delaying mechanism, and I see nothing happening to build a restaurant.

Now, I don't want to go through this same kind of gymnastics again. What in the world have we got to rely upon here to know that a restaurant is to be built, and I mean now, not tomorrow? If you have got the financing, George, where is it? Where is the building? Where are the construction teams? What is going on?

Mr. Chairman, I direct the question through you.

PRESIDENT RUDDEN: Can you answer that, Mr. Lu?

MR. GEORGE LU: Good morning.

We only received the financing February 7. The final commitment letter was delivered over to us, and we were delayed by different problems that we have.

One, the finance company waited for months for transfer from Barbary Coast Investment to Bay Corporation, a very private limited partnership, because certain documentation that was required from the Port of San Francisco were never received until about, I think, the latter part of January they finally got the letter from the Port, the documentation was completed.

It took the bank only three days to write this letter and have the final documentation completed.

We sent our man on top of the BART platform two weeks ago. I have our steel contractor and everybody here today. We were told to get off the platform by BART, and the reason is that since the last approval they have some about

eight to nine months, and they want to look at a new set of blueprints.

We told them that they hadn't been changed, but they said, we want to look at them anyway. So we sent them a copy of the blueprint two weeks ago, and we still have not heard from them.

As a matter of fact, we have our material, labor, everybody, just waiting and just sitting around. We moved in our construction trailers several weeks ago. We can't send any men out to the job because BART told us they can't do anything until they have a chance to review the plan all over again.

We are also waiting from the Art Commission and whether we have to submit our plans to them for approval.

COMMISSIONER GOLDMAN: Well, Mr. Chairman, it would seem to me, if you were having a jurisdictional problem with one of the agencies, this would have been brought to the attention of the Port staff. Have you talked with Mr. Vickers?

MR. VICKERS: I am working on this, yes, with BART, and I think BART has the same questions you have about the fact it hasn't started in so long. We want to make sure it is still the same restaurant. It is their vent structure, and they want to be very protective of it.

PRESIDENT RUDDEN: How long is it going to take?

MR. VICKERS: I think that that ought to clear pretty soon, but I have also asked our attorney whether this Art Commission question has popped up with the Warren Simmons project, and whether we now have to do that. We probably could have

built it a year ago without any question about that, but now I don't know.

But we are trying to stiff through these things. We have ourselves approved the structural drawings, and he should be able to get started pretty soon.

COMMISSIONER GOLDMAN: Mr. Chairman, if we are to function as a viable facility we can't spend the unnecessary amount of time just discussing this over and over. My question is, again, if we have to make another deadline to start construction, I would like to pick an early date, with the understanding that if construction is not under way by that date, this will be opened to other bidders, because I do know that there are many companies standing by that are interested in developing that platform.

This has been going on nine years or ten years now. I am not sure how long. It is just utterly ridiculous.

I can't help but feel, even with all the complexities of getting clearances, and I appreciate that aspect of things, that after that length of time there isn't something inherently wrong here that has precluded this structure from getting under way, and even though you can point the finger at some of the agencies, I think the basic responsibility has to be the Barbary Coast Associates, who have, over a long period of time, for one reason or another, been not performing, and we are the ones that have to take the heat when it comes, and I am tired of having to put up with the criticism for failing to develop a viable facility.

MR. LU: Well, Commissioner, if you look back to

the history of this development, when we were delayed by the Golden Gate Bridge, the reason we were delayed by the Golden Gate Bridge was because we tried to accommodate them. That took a year.

PRESIDENT RUDDEN: That is the past. Let's talk about the future.

As it stands now, you are concerned with BART and possibly the Art Commission.

Now, Mr. Vickers indicates that he has been talking with BART. What is your estimate of when BART will clear this? There shouldn't be any great problem there.

MR. VICKERS: Well, if the plans are the same, which George says they are, and we have been looking at them,too, then I don't see any problem at all in getting them cleared and getting them started. In fact, I think it should be clear at any time.

PRESIDENT RUDDEN: You are ready to go?

MR. LU: I can send a man out there this afternoon. He has all the steel material on the deck, everything, sitting there. He is wondering what to do with it.

PRESIDENT RUDDEN: In the meantime, Mr. Lynch, you are going to look into the aspect of the Art Commission, and if that is clear, he is already to start.

COMMISSIONER MORRISON: Mr. President, it seems to me there is little doubt that it will come under Art Commission review. Now, have you anticipated that? Have you submitted plans to the Art Commission?

MR. LU: We have discussed this matter with them.

They have not asked us to submit any plans or any information to them, but they are not so sure that we should submit anything.

COMMISSIONER ROTHENBERG: Maybe we should let our counsel handle this.

PRESIDENT RUDDEN: I think so. Why don't we put this over to the next meeting, and in the meantime we should certainly have everything ironed out with BART, and perhaps the Art Commission program also. Is that agreeable?

COMMISSIONER GOLDMAN: I don't mind putting it over. I am concerned about when we are going to --

PRESIDENT RUDDEN: Well, this is moving ahead as rapidly as we can. In the meantime, if we find out that BART passed it and the Art Commission is not in here, why, he can start working, and come in and tell us that he has got two weeks' or ten days' work already done.

COMMISSIONER GOLDMAN: As long as the staff is satisfied that the financial structure is sound.

MR. DAVID: Well, Mr. Herren?

MR. HERREN: Mr. Lynch.

COMMISSIONER GOLDMAN: Well, we are here to be guided by you, and someone has got to tell us that this structure is going to be undertaken, it is going to be built according to specification in an orderly period of time.

MR. HERREN: All this has been cleared with Mr. Lynch, and we have been working together with them. So far it seems to be in order. We have no problem.

PRESIDENT RUDDEN: Have you any comment?

MR. LYNCH: I would like to bring up one point. Mr. Herren and I have examined the letter of credit and have examined the loan, and they both appear to be in order.

However, the bank, pursuant to Paragraph XI of the lease, has requested that the Port approve, or the Commission authorize the Port Director to approve the tenant to hypothecate interest in the lease. Basically, this gives the bank a deed of trust on the lease.

Now, under the lease, the tenant can do this upon the written permission of the Port Commission. The effect of this hypothecation is that, should the tenant default under the terms of the loan, the bank then steps in the tenant's shoes, and the bank is able to either assume the lease, sub-lease the premises, or assign the lease, without the permission on the Port Commission.

However, all the other provisions of the lease would still apply, so the effect of this hypothecation is that, should the tenants default , the Port Commission doesn't have the authority to approve any assignment or subletting. However, all the other terms of the lease would still apply.

COMMISSIONER ROTHENBERG: Well, is the lease very specific in terms of the allowable use, or does it just say for the serving of food and beverages? It sounds like the Carnation case.

COMMISSIONER GOLDMAN: Maybe we should ask Mr. Lu what he intends to do.

COMMISSIONER ROTHENBERG: No, that is not the issue. The issue is, if some misfortune should overcome Mr. Lu, we just want to make sure that it doesn't end up being a cabaret

or some other form of ungainly entertainment.

COMMISSIONER BRIDGES: What is wrong with that? Let's not get too fancy. That is the name of the game.

MR. LU: As I recall it, the lease specifies that we are to put up a first-class restaurant only.

COMMISSIONER ROTHENBERG: Well, maybe Mr. Lynch can get back to us in the two weeks before we respond. Is that point holding it up?

MR. LYNCH: As I understand it, the loan will not become effective.

COMMISSIONER ROTHENBERG: The bank wants security for the loan. Is that correct, Mr. Lu?

MR. LU: The bank cannot record the loan until this condition comes about.

COMMISSIONER ROTHENBERG: Is this any different than what we did on the Simmons deal in terms of the arrangement we made with Crocker? Can we make the same arrangement here?

MR. LYNCH: I have the answer to your question, Commissioner. The loan does specify, the lease, rather, does specify that the tenant will construct a first-class restaurant and uses necessarily related thereto.

COMMISSIONER ROTHENBERG: Because it says he must construct one, does that by reference mean it can only be operated as a restaurant?

MR. LYNCH: Yes. It says any changes shall be only made upon the express written permission of the Port.

COMMISSIONER ROTHENBERG: This is the same thing we did in the Simmons case with Crocker, because the bank had to

have something to come after in terms of the leasehold.

PRESIDENT RUDDEN: What is your attitude to this now, Bill?

MR. LYNCH: As a practical matter, the tenant is not going to get its loan unless we agree to this, unless the Commission agrees to this hypothecation,, and the only item of power or authority that the Commission is giving up is that, should the tenant default, you don't have a right to select or approve the new tenant or subtenant, as the case may be.

The use will still be the same, but you lose the power to approve the tenant or subtenant.

COMMISSIONER ROTHENBERG: Can we put in a credit qualifier that will essentially give the bank that right, but we want the right of review on the credit of the new tenant? That is a standard lease implication.

MR. THIEMANN: This paragraph is standard in all of our leases, and it is done because, since our land is in the public trust, we can't subrogate, so the only way a tenant can get a major loan is with a paragraph, an agreement of this type.

COMMISSIONER ROTHENBERG: But here we don't have any problem if we just put in, you know, subject to qualified credit. Essentially we just want to make sure that --

MR. THIEMANN: I don't think that is in there.

(Several voices at once.)

PRESIDENT RUDDEN: All right. This matter is over for the next meeting, and I would like to add, Mr. Lynch, that you further review this and report back to us at that time.

MR. LYNCH: Mr. President, one item I must mention

is that the loan will not be effective until this hypothecation is agreed to, with the added phrases of Commissioner Rothenberg, so should you not approve this hypothecation today, and we come back in two weeks, nothing will have changed, because Mr. Lu will not have gotten his loan. Is that correct?

MR. LU: Well, if the Commission want us to move forward with this construction --

PRESIDENT RUDDEN: What is your recommendation?

COMMISSIONER MORRISON: Mr. President, I move that we approve the hypothecation, since it is our standard procedure, and since it is authorized in the lease agreement, with the proviso that we reserve the right to approve the credit of any assignee. Is that the proper language?

COMMISSIONER ROTHENBERG: Right, credit worthiness. I will second. it.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; ayes - no.)

PRESIDENT RUDDEN: As far as the rest of it is concerned, it is over for two weeks.

MR. DAVID: Mr. President, I have just one last item, and that is to report to you that we have received a status report on the Northeastern Waterfront Survey, which I will distribute for your review.

COMMISSIONER ROTHENBERG: Mr. Chairman, perhaps Mr. David could bring us up to date on the North Point Pier controversy?

MR. DAVID: I would defer to Mr. Vickers.

MR. VICKERS: The only thing I know is what I have been reading in the newspapers about it. We haven't been involved in it.

MR. DAVID: We haven't been involved at all.

COMMISSIONER MORRISON: Mr. President, I intended to bring this up under new business. I think this Commission should have a report after an investigation by the staff into the questions of whether the lease agreement has been fully lived up to, both in letter and spirit, especially with respect to the construction of the public park.

I would think that we might save ourselves some heavy fire in the fighting that is going on if we were perfectly sure that we are on safe ground.

MR. VICKERS: Well, just one little report on that. He has not yet submitted the park or the service building to the Port for review, so we have no official submittals from him on those two items. I expect those to be coming, in the normal course of approval.

COMMISSIONER ROTHENBERG: Why don't you send him a missive and just tell him the Commission would like that as soon as possible.

COMMISSIONER GOLDMAN: What parts of the project have not been submitted to the Port? How about the garage?

MR. VICKERS: Well, the restaurant and the shop buildings on the superstructure and the garage are going to the City Department of Buildings for review and permanent approval, because that is something they normally do up there.

The Port staff is checking the substructure and the

breakwater and the floats as part of our permit checking.

However, the park and the service building are going to come here also for checking, as well as going to the City to check, because they are into the BCDC area.

But the part that we have received so far and approved, we have approved the substructure. We have approved the breakwater, both floating and fixed. But we have not received any plans from him yet on the floats and the part that goes out to the fishing boats. We have not received that part yet, and the only time I have seen the park is when I went to a BCDC review meeting,, and that has not come to us for approval yet.

COMMISSIONER GOLDMAN: Well, I don't understand this. It has been almost a year and a half since the Port Commission approved the development. I was under the impression that everything had been submitted.

MR. VICKERS: He is fast-tracking the project, and he doesn't submit the plans until they are completed and ready to go out for bids, and so he has different phases for the project. The different things that take longer to build are being constructed earlier.

COMMISSIONER GOLDMAN: I can't believe in the year-and-a-half's time since we approved it that we don't have the final plans for the park, for example, or for a maintenance shop, which can't be that big a deal.

MR. VICKERS: Well, the engineer for the maintenance department, the service building, just started his design yesterday, because I was talking to him yesterday.

COMMISSIONER GOLDMAN: Well, this is a very dangerous situation.

COMMISSIONER ROTHENBERG: Bob, has City Planning seen any of these?

MR. ROBERT MEYERS: Yes. City Planning has been involved -- not myself, thank goodness, but City Planning has been involved in the go-around of the design of the park with the neighborhood groups, and now with the Art Commission, and with the BCDC.

The maintenance building is being revised because of the public comments and input, and I am sure Mr. Simmons, I assume Mr. Simmons will come back shortly, and I am surprised he hasn't, to present what he has shown to us.

COMMISSIONER ROTHENBERG: You think he is just waiting until he is finished before he gives it to Chuck, so he doesn't have to check it twice?

MR. MEYERS: That would be my guess.

COMMISSIONER GOLDMAN: That is what concerns me. I think we have to take the bull by the horns and demand of him at the next meeting that he bring us up to date on everything he has planned, or we may join with others in expressing a concern about what is going on. You can never stop it after it is built.

MR. VICKERS: He doesn't start construction without a permit.

COMMISSIONER GOLDMAN: I know, but he can be ready to go, and will not put us on the spot and say you are holding up production, which is usually the approach to these things.

COMMISSIONER MORRISON: Mr. President, may I ask, there is an elevated crossover, as I understand it, from the garage to the development. We talked about this at some length, I think, in our earlier proceedings, and this is a case, I think, Mr. President, of hasty planning, in which the community later discovers that it has objections it didn't dream of beforehand.

What about that elevated crossway? That, I would think, involves the granting of air rights to Mr. Simmons. Is the Port being compensated for that grant of air rights?

MR. VICKERS: I would have to ask the attorney, but my engineering opinion would be that, you see, we gave him a lease for the whole area, including Seawall Lot 311 and the Pier 37-39-41 area, and he in turn gave us an easement to put the roadway through the lease. So I don't know whether we would need an air-right agreement or not.

COMMISSIONER ROTHENBERG: In other words, we gave him the turf, and then took the road back?

MR. VICKERS: Yes.

COMMISSIONER ROTHENBERG: So he has the air rights.

MR. VICKERS: That would be my first guess.

PRESIDENT RUDDEN: Does he get the air rights automatically without specifically --

COMMISSIONER MORRISON: That may be a gift of public property.

COMMISSIONER ROTHENBERG: Did we approve the bridge?

MR. VICKERS: No. The actual bridge itself hasn't been submitted.

COMMISSIONER ROTHENBERG: Who does it go to? Does it come to us, or does it go to the DPW?

MR. VICKERS: That goes to the DPW. That is part of the garage.

COMMISSIONER MORRISON: Mr. President, could we have a legal opinion from our counsel on the question of a grant of air rights to Mr. Simmons, and whether that is legal under the agreement as it now stands?

COMMISSIONER GOLDMAN: I would like to even expand upon that. I would like to know where we are responsible and who the other responsible city agencies are, so that this can all be coordinated, because if he is dealing with DPW at one end and our Commission at another, and City Planning third, and then with us --

PRESIDENT RUDDEN: Perhaps we should ask Mr. Simmons for a progress report, which would include not only what he has done, but what he must do, what he intends to do, rather, and what he has to accomplish before he does these things, so we can, at least from time to time, have a report we can refer to, that as of this date so much is completed, and we are awaiting the Art Commission's opinion, or whatever, and then a determination as to where we fit in. With reference to air rights, we must refer that to our counsel to determine whether what we have done includes air rights or not, so that we don't look back at this at a later date and say we didn't do what we should have done.

COMMISSIONER BRIDGES: It seems to me we are in no position to criticize Mr. Simmons. I am just surprised that

the guy plugged away all these months, with all the delays, instead of giving up.

Let's face the facts. The best way to sabotage this thing and make sure that nothing is done is to raise all these technicalities.

COMMISSIONER GOLDMAN: Excuse me, Commissioner. We are not raising them. We are not trying to prevent him from proceeding. We want to be sure that --

COMMISSIONER BRIDGES: I am not saying the Commission is. No, I am not saying the Commission is. The Commission, I agree with you, worked out the lease, and gave him the go-ahead signal. Then everybody piles in. The best thing to do is to see that nothing is done.

I think we ought to give him a helping hand. At least he came along with a program for some development, instead of just do nothing.

PRESIDENT RUDDEN: Harry, if we ask him where his problems are, and we are not involved in them, then I think we have done everything we could.

COMMISSIONER BRIDGES: Good idea. Let's get a progress report and see what the problems are, and let's put it on the basis of where can we help you, instead of joining with other people to see that he makes no progress at all.

COMMISSIONER GOLDMAN: I don't think that is the problem. I think the questions being raised are related to whether he is observing the plan that was submitted, and the problem that came out of the meeting today is that a lot of the progress work hasn't even been presented yet. It is

very difficult for any organization that is the landlord to relate to a program of this nature unless they know exactly what it is that they are going to do, at least within the boundaries of variance.

I don't see how we can be satisfied, and we can be criticized ultimately, if this doesn't follow a format that we assumed it might.

COMMISSIONER BRIDGES: Let's make up our minds right now that no matter what happens we will get criticized. I know that.

It is not a question of whether he wants to submit something, because what I understand is, he has got to find his way through these various obstacles before he can come here.

I am in favor of the progress report to find out where the hell we stand and what is wrong now, and how we can be of some help to get this project on the road.

COMMISSIONER GOLDMAN: It is going. It is just a matter of doing it right. That's all.

PRESIDENT RUDDEN: That is what we are moving towards, Harry, and I think at the next meeting we will be able to ferret out some of the things that exist, and maybe there will be nothing we have to worry about.

Let's go on.

MR. HUNTSMAN: Item No. 4, a report from the Bureau Chief, Finance and Administration. Mr. Herren.

MR. HERREN: Good morning, Mr. President, gentlemen of the board.

You were furnished, several days ago, a copy of the financial statement from Touche Ross, with their notes, and with the compliance on the bonds, compliance covenant, and an opinion from the attorney as to the transfer of funds for last year.

I am ready to answer, I hope, any questions you might have about the financial statement.

COMMISSIONER GOLDMAN: How do you interpret the report as to the actual operation of the fiscal year ending last June 30?

MR. HERREN: That is on Page 4 of the report here, and that is where the meat is, Mr. Goldman.

Last year we came out $545,512 in the red. This year we came out $94,997 in the black, so that would indicate that we turned the Port around about $625,000 in the last 12 months.

COMMISSIONER ROTHENBERG: Both the numbers say loss. Neither of them have parentheses around them.

MR. HERREN: That was an error there. They certainly should have had them on there. I just put it around mine here.

COMMISSIONER ROTHENBERG: Because we have operating expenses that are $94,000 higher than operating revenue.

MR. HERREN: That is correct.

COMMISSIONER ROTHENBERG: You said this year we were in the black?

MR. HERREN: This year we were in the black. No, I am sorry. That is loss from operations, $94,000. Total net earnings, $76,660.

COMMISSIONER GOLDMAN: Well, may I ask a question in regard to this, because some months ago, and even of recent date, statements have been made, particularly when an unaudited report was presented to this board, that it would show a $500,000 net earning over expense. Was that correct, Mr. Herren?

MR. HERREN: Yes, sir.

COMMISSIONER GOLDMAN: Now, there was some question raised by some of us then, particularly of the former Port Director at the time, that it was not prudent to make such a statement until it was audited, and now it is proven to us that it was an inaccurate statement, and I would like to know what transpired between the unaudited and the audited that brought the earnings from $500,000 to $76,000.

MR. HERREN: If you will recall our discussion when I presented the unaudited report, I would not speak of a specific figure, because I did not know what adjustments were going to be made in the report by Touche Ross.

COMMISSIONER GOLDMAN: Would you say anyone making that statement was making an irresponsible statement?

MR. HERREN: I would say that they were uninforming people, yes, by not giving them the straight facts.

I asked for the figure not to be made public because I was afraid of something like what we have.

COMMISSIONER GOLDMAN: All right. Now, what happened between the $500,000 and the $76,000?

MR. HERREN: As I explained to you, there was a good possibility that PERS would make an adjustment, that they

would make an adjustment in the PERS payment, of maybe $200,000. They made an adjustment of $180,000. That came right off of the top of the black figure.

Additionally, they discounted PFEL account by $81,489, so that also affected the bottom-line figure.

We were denied one capital improvement work order on India Basin for $115,588 because we could not prove to them that we were going to build a revenue-producing facility on Pier 98 in the near future. If we could have, that figure wouldn't be in here.

There is also a miscellaneous adjustment of $63,396, making a total of $540,473 that came off of the black figure that I presented to you at the end of the last fiscal year in the unaudited report.

COMMISSIONER MORRISON: I am not sure that I understand the issue of the capitalization.

MR. HERREN: Well, in capitalizing a project, Mr. Morrison, you have certain criteria to follow, and one criteria is that you must produce, that you are doing this to produce revenue, and we couldn't prove this.

COMMISSIONER MORRISON: Why not?

MR. HERREN: Mr. Vickers, you explain it to him.

MR. VICKERS: I think the thing is that there was some dredging that we did in conjunction with filling, and the question was whether, like you said, in the space of time, whether we are going to build Pier 98, or is it going to be such a long-term thing. We just talked about it and decided it was just a normal expense.

COMMISSIONER MORRISON: It is one man's judgment against another's?

MR. VICKERS: Yes. Expenses rather than capital.

PRESIDENT RUDDEN: Were these work orders set up to begin with for capital --

MR. HERREN: Yes. That was set up in 1975 or '76.

MR. VICKERS: That was the first part of '77, I think. Well, I don't remember the exact time.

COMMISSIONER BRIDGES: Has our decision changed on that at all, Chuck?

MR. VICKERS: On this particular dredging project? They just decided to expense it rather than to make it a capital improvement. Who is to say?

MR. HERREN: Well, we debated this for at least six weeks, and we simply couldn't convince them. I even conferred with Chuck, and Chuck came in on it.

MR. VICKERS: You can look at it both ways.

MR. HERREN: It was on the borderline, so to speak.

COMMISSIONER BRIDGES: Has there been any change in our position?

MR. HERREN: No, I don't think so, no, sir.

COMMISSIONER MORRISON: You have no exceptions to take to the report?

MR. HERREN: No. We finally agreed. To get a report we had to agree with Touche Ross, and this is one of the items that held it up, and in discussing it with Mr. Vickers on the day before, the morning before, we simply could not come up with the criteria that they wanted.

COMMISSIONER MORRISON: Mr. President, I move that we accept the audit report and Mr. Herren's explanation.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HERREN: May I release the report now?

PRESIDENT RUDDEN: That was approved unanimously.

COMMISSIONER ROTHENBERG: Are we going to have this problem, the fact they delivered this statement to us eight months after it was due, are we going to continue to have this problem, or is it just --

MR. HERREN: We are working on that problem right now, Commissioner. We started as soon as Bank of America notified us. If we don't, we are going to be in trouble with Bank of America.

COMMISSIONER ROTHENBERG: I am suggesting that maybe what we should do is have them come in and do a short form midyear audit, to at least get half of the debates resolved, in terms of proper placement of various line items, so we don't wait until the end of the year, and then there are so many backed-up items that they nitpick us to death. I appreciate the time they want to put into this.

MR. HERREN: Let me say this. If this report had come out ten days earlier --

COMMISSIONER ROTHENBERG: I am talking about four months earlier.

MR. HERREN: Well, if it had come out ten days

earlier we would have had $160,000 profit.

COMMISSIONER ROTHENBERG: But we are just playing with ourselves. The only question I am asking is whether there is some way we could get them to come in at the end of the third quarter and start doing the work papers, so we don't have these kinds of delays.

MR. HERREN: The last time they came in at that time of year, we were the following year getting the report. But we are going to make changes this year to get the report out on schedule.

COMMISSIONER ROTHENBERG: I am saying either we ought to change our accounting practices or change auditors.

MR. HERREN: We may have to do both.

PRESIDENT RUDDEN: Let the record show that we have accepted the report unanimously.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to comment.

I hope we have learned a lesson from this, because I think again there was something that happened this year, and I trust it will not happen again, and that is that people will not go about flaunting unaudited figures publicly, when the purpose of an audit is to clarify them, and we have to rely on the final audit, whether it be this business or any other business.

I think it is a terrible irresponsibility, and I hope you will be guided by it in the future so that it doesn't occur again.

PRESIDENT RUDDEN: Okay. Let's move on.

MR. HUNTSMAN: Item No. 5 is the consent calendar. Item 5 (a), approval of License and Lease Nos. 9806 through 9815; Item 5 (b), approval of refunds and allowances in the amount of $14,637.13. The backup material is in your packet.

COMMISSIONER ROTHENBERG: Mr. Chairman, maybe Mr. Thiemann can tell me, on the Southern Pacific lease --

MR. THIEMANN: It is a license. This is a yard that is at Kind Street and the Embarcadero, and it is an exchange yard between the Southern Pacific Company and the Port.

Traditionally, for 75 years or whatever it has been in effect, we have split the rent with the Southern Pacific for that yard.

COMMISSIONER ROTHENBERG: Well, here it says the previous amount was $2,400, roughly $2,500, and the current amount is $1,200, and then there is a $600 item. I just don't understand.

MR. THIEMANN: It is reduced because of the City sewer construction in the area, and we will recover this land and use it for other purposes.

MR. VICKERS: There are eight tracks now in the interchange, and we are, during the sewer construction, they are reducing the amount of the interchange to four tracks, and that will give us more seawall lot for future redevelopment.

COMMISSIONER ROTHENBERG: Where is 333?

MR. THIEMANN: King and the Embarcadero.

COMMISSIONER GOLDMAN: Specifically, where is that?

MR. THIEMANN: When you get to the end of the Embarcadero it is Berry Street. King is the first street this

side of it, which does not come through to the Embarcadero.

COMMISSIONER GOLDMAN: How much land will be available for development then?

COMMISSIONER ROTHENBERG: It is across the street from 40 and 42.

MR. VICKERS: What we are doing, we are abandoning the northern four tracks, so that we can add that area to the total seawall lot area.

MR. THIEMANN: It is almost an acre.

MR. VICKERS: Originally they had planned to abandon the southern four tracks, but that would have just split the lot in half.

COMMISSIONER ROTHENBERG: They still need four tracks?

MR. VICKERS: Yes.

COMMISSIONER ROTHENBERG: The Belt uses these, two?

MR. THIEMANN: That is the interchange.

MR. VICKERS: The Southern Pacific delivers the railroad cars there and the Belt picks them up there.

MR. THIEMANN: And vice versa.

COMMISSIONER ROTHENBERG: I'll move approval of these items.

COMMISSIONER MORRISON: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER ROTHENBERG: Mr. President, under the same item, we talked in December about the billboards, and then we put it aside. Is that calendared to come back up again?

MR. THIEMANN: I think it is awaiting disposition of a suit. The City Attorney's office asked that we not take that before the Commission.

COMMISSIONER ROTHENBERG: Mr. Lynch, would you look into this. I think there are different bases. One is the City's rights in terms of the supervisors to just outlaw billboards, and the other is our right, under a month-to-month lease, to terminate those leases on which billboards are erected. It is a fairly messy issue, but it is interfering with some of our planning for future development.

MR. LYNCH: To make sure I understand the question, the question is whether the Port, independent of the Board of Supervisors, can terminate?

COMMISSIONER ROTHENBERG: No. The Board of Supervisors are under suit by the firms that lease the billboards around the City that are challenging, as I understand, the Board of Supervisors' power to pass just a broad statement restricting the use of billboards in various places around the City.

In our case we have a month-to-month tenancy arrangement with these companies where theoretically we have the right to terminate some of these, and they came back in for some revisions in December, and Harry, when he presented them to us, also presented a plan for some gradual removal of some of these billboards, and some of the commissioners asked whether we were restricted to that, or whether --

MR. LYNCH: While a suit was pending?

COMMISSIONER ROTHENBERG: Well, as I understand it,

the City Attorney asked us not to press the matter, for fear it would confuse the suit. I am not sure if that is an issue or not.

COMMISSIONER GOLDMAN: I think it is a good point, because this matter has been delayed now for over a year because of this suit, and I think it is time we should take the issue in hand, because some of them are interfering with adequate development, and there is a general community feeling that maybe we should be taking other steps.

PRESIDENT RUDDEN: Okay. Let's move on.

MR. HUNTSMAN: Unfinished business. Item No. 6, request approval of increased monthly parking rates. The information is contained in your packet, and the staff recommends approval.

MR. THIEMANN: This was held over from the last meeting, if you recall, so that I could bring further information to you.

The list of the various parking lots and garages that are in your packet are shown by these arrows. As you can see, the Ferry Building is more or less a central location, and these are the nearby surrounding parking lots.

As I indicated in your backup material, the average of the parking lots is about $40 a month. There are two garages, one of which charges $52.50 and one charges $60.

These are garages that are manned and with full security. Our garage is operated, as I presume you know, by a card which is inserted into our gate, and the public has access into this facility. We do try to patrol it as often as

possible, but it is just not possible under the circumstances, so we don't have the security at our garage that the others have.

You also asked about our employees being charged half rate. I gave you a list of nine other city agencies which provide free parking to their employees, and the other agencies, the employees are on their own. They find their parking or pay for it as they can.

Because of the percentage of increase, ranging from 12 to 25 percent, I would like to recommend that you adopt these rates today, with a second review on September 1 of this year, with the thought that you will increase the rates again if it is warranted.

COMMISSIONER GOLDMAN: Mr. Chairman, I had asked some questions, and I have no objection to adopting these on such a basis, because I do think there are a number of other garages in the area which have been overlooked. I did a little research on my own, and I know that the Embarcadero Center garage, which do have people in it, although people do park their own cars just as they do on the Port properties, are charging $85 a month, and I think that is exorbitant. I would agree that it is almost unbelievable, but still, it is the market today, and I think that comparing that to a $30 charge is pretty hard to justify.

After all, we have an obligation to keep this Port operating in the black. Mr. Bridges refers to that quite regularly, and this is just one of many ways that we should consider, and I trust that when it comes up again you will

take into consideration some of the higher-price garages, so it doesn't look as close to the mean as it is.

I will recommend approval.

COMMISSIONER ROTHENBERG: I will second it.

PRESIDENT RUDDEN: If there are no objections, that is approved unanimously.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HUNTSMAN: Item No. 7, report on the bids received February 21, 1977 for the removal of 33 Barry Street building, Contract No. 2482, which covers our former Foreign Trade Zone. The results of that bidding have been inserted into your packets. The staff recommends approval.

Mr. Vickers.

COMMISSIONER GOLDMAN: Is that to be torn down?

MR. HUNTSMAN: Yes, sir.

MR. VICKERS: Partially.

We received four bids

MR. VICKERS: We received four bids. Our estimate was $15,000. The low bid was $13,800, and I request and recommend award of Contract 2482 to Bay Cities Paving & Grading, Inc. in the lump sum amount of $13,800.

COMMISSIONER BRIDGES: Will that take care of the whole shed?

MR. VICKERS: All of it. It takes care of the little ones out back, too, all the wooden structures there.

COMMISSIONER GOLDMAN: So move.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER GOLDMAN: My other question is, Mr. Chairman, once that is cleared out, what is it that the Port might intend to do with the property?

MR. DAVID: I am at the present time negotiating with a prospective tenant for the property.

COMMISSIONER BRIDGES: The same property?

MR. DAVID: Yes.

COMMISSIONER GOLDMAN: You couldn't negotiate before the clean-up, evidently?

MR. DAVID: I think the principals of the company I am talking to, really I think it would come out the same. In terms of negotiation, they want the building out of there, and I think they would take it off the top on rent.

COMMISSIONER ROTHENBERG: We got an insurance settlement on this, and we are going to use some of those proceeds?

MR. DAVID: No, we did not. Isn't that correct, Mr. Huntsman? This is below the deductible level.

MR. HUNTSMAN: That is correct. It was. It was a half a million deductible.

Item No. 8, report on the status of EDA/LPW project for the removal of Piers 14-22 and the construction of a promenade.

Item 8 (a) requests your approval to modify Standard Agreement 1094 with Rogers Engineering for the shop maintenance

facility relocation. Item 8 (b) is a report on selection of a landscape architect for the promenade design.

Mr. Vickers.

MR. VICKERS: Ed and I thought it would be good to have you brought up to date on the status of the work going on at the project, so we submitted this report to you to show you the contracts are well under way for the removal of the piers. We have received the preliminary design for the new shop layout. As you get into these designs and reports you find there are a lot of things that need to be covered to get the total picture, so I am asking at this time that we increase the scope of the Rogers Engineering contract by this amount that I have here, the $10,857, and that increases their service agreement from $52,150 to the new total, which I have not totaled. But we assume this will all be part of the EDA grant.

I recommend that we continue with them on this, and request approval of Item 8 (a).

COMMISSIONER GOLDMAN: I am confused by one item, and that is, it includes Belt Railroad repairs. Is that of some consequence?

MR. VICKERS: Well, this is the machine shop that we have for the Port is located in the Belt roundhouse at this time. After we got into the study, we recognized that some day in the future we are going to relocate the Belt roundhouse, and should the machine shop that is also used to work on the container cranes and dredge and other parts of the Port equipment, should that be relocated along with the maintenance

shop to the new facilities, or should it remain with the Belt roundhouse and be in the relocated Belt roundhouse area? This is why this question has come up.

COMMISSIONER GOLDMAN: You are assuming now that we are going to relocate the Belt roundhouse, relocate the Belt Railroad?

MR. VICKERS: At some point in the future, yes.

MR. DAVID: Our agreement with Port Railroads, Inc. from the beginning provides that any time we want to develop the property where the roundhouse is now located, we have the right to move it to another location.

COMMISSIONER GOLDMAN: My concern is, Mr. Kyle came to see us a few months ago, and he told us he was going to be coming back to us, and he inferred that he wasn't particularly happy with this arrangement. At least, that was the feeling I got.

I just hope that the staff is conscious of the fact that this thing may be dumped back in our lap, and what are we going to do with it?

MR. VICKERS: That is why we want to include that in the study.

MR. DAVID: We are very conscious of that, and this is why we want to move the machinery to the Maintenance Department.

MR. VICKERS: We are looking into it.

COMMISSIONER GOLDMAN: I just don't want us to spend a lot of money and find that maybe there is another solution.

COMMISSIONER MORRISON: Move approval.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. VICKERS: Now, Item 8 (b), which is the report on the selection of the landscape architect, I submitted, we sent out a request for proposals to 22 firms. We got 10 submittals, which I gave you the list of the 10 submittals.

The Port staff is going through these submittals now. We are reviewing these with City Planning and others to try to determine which one of these 10 to recommend to you at the next board meeting, and I hope to have the process worked out by then to be able to recommend one of these at the next board meeting.

COMMISSIONER BRIDGES: Will this be a joint recommendation seconded by the city agencies?

MR. VICKERS: No. This will be our recommendation, your staff recommendation.

COMMISSIONER ROTHENBERG: Chuck has been working. I was the other day at a meeting where he had people from the Port, the Redevelopment Agency and the City Planning Department going over the various firms, talking about who is good and who isn't.

MR. VICKERS: They are all good. That is the problem.

COMMISSIONER GOLDMAN: The question, Mr. Chairman, is, what is going to be the basis for evaluating 10 well-recognized firms?

MR. VICKERS: It is very difficult.

COMMISSIONER GOLDMAN: I know, but that isn't my answer.

MR. VICKERS: Well, we are trying very hard to work up a list. We are comparing the availability to work within the time frame of the schedule we have now and, recognizing that we have this other project that is going on in City Planning, and this other project report I presented to you today that I hope you take the time to look at, this is the Redevelopment Agency-Port of San Francisco-City Planning project that is going on at the Pier 7 to 46 area, and they have chosen, they have been going through the same process to choose a team, and we are trying to relate our selection to their selection, and it is just very difficult.

COMMISSIONER GOLDMAN: My question there is, recognizing a sort of a similarity between these two projects, how are they going to make their selection, and who in the staff is going to make the selection under the present arrangement?

MR. VICKERS: For the promenade, Mr. Taormina and I and my staff architect are going to try to make the final selection, based on the recommendations of the people, the comments from the agencies, like Mr. Rothenberg has talked about.

On the other project, on this total project, the three managers with two citizens are going to interview seven of the 27 submittals and make their recommendations.

COMMISSIONER MORRISON: Mr. President?

If, as you winnow them down, Mr. Vickers, you find

four or five or a half dozen that seem to be equally qualified in every way to do the job, I would recommend that you make your selection by lot.

COMMISSIONER GOLDMAN: Well, I would rather suggest, Mr. Chairman, that perhaps a member of the Commission sit in the selection process with the staff.

MR. VICKERS: I certainly wouldn't object to that.

COMMISSIONER ROTHENBERG: The question I had, weren't you going to get it down to a small group and then go after a design?

MR. VICKERS: Yes.

COMMISSIONER ROTHENBERG: So essentially you would get it down to four or five, and then after you had spent a few hours, perhaps getting some ideas. It is a very difficult project. Some may say, we should cover it with trees, and others would say, the wind is going to blow the trees down, we need to do it another way, and give us essentially some gratis insight as to how they would approach the project. That may give us a much more standard way to assess the submittals.

MR. TAORMINA: I think we would be prepared to go through and do our staff selection process. I think we are going to winnow it down to three or four and then, based upon our selection, we would make an in-depth report to the Commission stating the criteria we used, why we chose them, and indeed, it is going to be so close between the three and four, that the Commission as a whole will make the final selection, either concurring with staff or using its own criteria.

COMMISSIONER ROTHENBERG: Maybe this is something. We are going to live with this for a long time.

COMMISSIONER GOLDMAN: It is a critical choice we are making.

MR. TAORMINA: So we will present to you everything that they present to us, and we will grade it and show why we made our decision the way we did.

MR. VICKERS: Good. Find with me.

COMMISSIONER GOLDMAN: In other words, you are going to present a minimum of three or four proposals?

MR. TAORMINA: We will be talking with three to four firms.

COMMISSIONER ROTHENBERG: No one submitted a proposal so far.

MR. TAORMINA: We will be asking them to give us further information. Based on the further information they give us, the staff will come down and judge it. We will come out with our recommendation of which firm we want to choose. When we make that selection we will present you not only their plan but all the other plans that were presented along with it. Indeed, our recommendation is one, and if the Commission decides there is another person more qualified --

COMMISSIONER GOLDMAN: I think that is rather cumbersome. I would rather suggest that a presentation be made at the Commission level before you make your selection of the one. How that final selection will be made is maybe having the Commission meet with the staff.

MR. TAORMINA: Time is of the essence on this.

COMMISSIONER GOLDMAN: I know, but, Mr. Taormina, for you to say, we select Company A, and then we come back and say we think Company B is better, all we do is get into a donnybrook over nothing, and I don't think that is practical.

PRESIDENT RUDDEN: Let's move on and see what progress they make.

COMMISSIONER GOLDMAN: Except for one thing. Mr. Taormina says that the staff is prepared to present a selection out of three. I say that before they make a selection our input is only going to muddy the waters unless we have a chance to review with them those three selections.

COMMISSIONER ROTHENBERG: I thought the plan was to narrow it down to three or four firms, and then they would ask those firms to come back with an end design which they could present to the Commission.

COMMISSIONER GOLDMAN: That is not what Tony just said.

PRESIDENT RUDDEN: I think that is the way to do it. Then it gives us a little bit of choice.

MR. TAORMINA: Then you will not require a staff recommendation.

COMMISSIONER ROTHENBERG: I think the staff can recommend one, but I think you should show the four, and explain why you think one might be better than another, and let everybody decide --

MR. DAVID: Mr. Rothenberg, it would seem to me that before we could make our recommendation we really have to see the proposals. It may only be one.

COMMISSIONER ROTHENBERG: I think that the staff can winnow it down, on whatever basis they feel right, and then ask the people to come to us with some intuition about what we are going to end up with.

COMMISSIONER GOLDMAN: In fact, probably we should have a meeting to review these and then bring it up to the Commission.

COMMISSIONER ROTHENBERG: I don't want to replace the staff's judgment with our judgment. I just think different architects are going to make totally different designs and suggestions for that long stretch of space, and I think maybe the whole Commission might want to have the last word about whether we put it in concrete or wood or --

COMMISSIONER MORRISON: If I understand Mr. Vickers, he was telling us that there may very well be no rational basis for selecting one above another when you get it down to three or four. If that is the case, then I think we ought to do it by lot.

If there is some basis for selecting one above another, we should do it.

MR. VICKERS: Well, we will get it down to three.

COMMISSIONER GOLDMAN: I think we don't want to take responsibility from the staff, but I think that the input into the process that is used in the selection, and then we have chances to ask questions, and as a result of the discourse we probably can assist the staff in making the final selection.

I don't think anything that close can be selected by lot.

PRESIDENT RUDDEN: Let's move on and see where we go with it, and maybe these gentlemen will have some input in the meantime.

MR. HUNTSMAN: New business, Item No. 9, request approval to enter into Standard Agreement 1096 with Moffet-Nichols, Engineers, for a facility development plan. The staff recommends approval. Mr. Vickers.

MR. VICKERS: Well, that is really it, unless you have some comments or questions.

COMMISSIONER MORRISON: Mr. President, I have some.

I think this is an excellent thing for the Port to be doing, especially in view of the fact that we are not using Port money but using other money to accomplish what is surely a very vital thing for the Port.

I think that some warnings ought to be voiced at this stage, though. As I understand the NOR-CAL results and the Army Engineers results, we can be fairly confident that these consultants will conclude that there will be a considerable growth in maritime activity in the Bay, both in containers and, to a lesser extent, in bulk corridors.

Nevertheless, if the consultant were to take a very narrow view of the matter, I think he might very well conclude that any foreseeable growth might very well be concentrated south of the China Basin.

It seems to me that there are nonmaritime considerations of policy that ought to go into these decisions. We know that this issue arose out of the redevelopment study. We know that there will be, as we get down the line, a good deal of

pressure to say Piers 30 and 32 should go, and there should be some other kind of development there, and maybe you ought to find another place for Prudential Lines.

This is the kind of difficulty we may get ourselves into if we are not very careful how the data that this study produces is evaluated. Our present position, as I understand it, is that any pier that is in maritime use at the present time should continue in maritime use so long as that is feasible. I think that is a good policy.

I would like you to comment, Mr. Vickers, on how these considerations ought to come into play in that study.

MR. DAVID: Mr. Morrison, may I answer that question?

When we instruct Moffet-Nichols on this study, it is our intent that they do review the NOR-CAL studies, the Corps of Engineers' and the MTC. What we are asking from them is the maximum potential of the facilities in San Francisco, minimum and maximum, and they are not going to relate in any way to the facilities themselves.

We are talking about a total area that will be necessary to be in maritime, not breaking it down to individual piers.

COMMISSIONER MORRISON: But it is stated very plainly here that you are going to ask for recommendations about possible future development between Piers 7 and 40, or 44. Now,the question of Piers 30 and 32 may very well come into controversy, I think.

We said on that space where the promenade is going in that we were going to reserve that waterfront space for

future maritime use, even though they were not presently devoted to maritime use. It may very well be that with the development of container technology and multilevel storage of containers there ought to be a container facility developed on that general site.

These kinds of broad-gauge considerations ought to come into play, and we should not very narrowly interpret the coming report, because you can take those figures and justify almost any point of view.

Am I making myself clear?

MR. VICKERS: Yes, you are. Pier 30-32 is not a part of the redevelopment study. If you look at the map that I have in there, it goes around it.

COMMISSIONER MORRISON: But if you isolate Piers 30 and 32, they won't be there very long in maritime use, if you develop all around them.

MR. VICKERS: That is considered in the scenarios, and the proposal that we sent out to these consultants as our joint staff for a transportation study, the transportation studies have to keep Pier 30-32 in maritime use. That is part of this total package here.

But I hear what you are saying. I just want to point that out, too.

COMMISSIONER MORRISON: You can head Piers 30 and 32 so closely about that five or ten years from now nobody will use them for maritime use.

I would just like to be sure that these broad considerations of policy that are not necessarily maritime

per se, ought to be considered in the recommendation.

MR. DAVID: I think we can give you that assurance, Mr. Morrison, because, in my opinion, what we are asking Moffet-Nichols to do, we have the in-house capacity in terms of knowledge and skills to perform the same function. We just don't have enough people. We are therefore asking them to do this work for us, but we are not going to ask them to break this thing down in terms of discussing utilization of any pier facility at all.

I agree, when you look at the northeast scenario, if you isolate Piers 30 and 32 with reference to maritime, it really could not be maritime at all if the boundaries were only the pier itself.

COMMISSIONER MORRISON: Suppose that the consultant comes in and says, you don't need any maritime north of China Basin? You have got a real hot potato on that.

COMMISSIONER BRIDGES: I don't see why.

MR. DAVID: As I understand, what we are doing, we are not asking them to discuss this. We are talking about the total potential maritime development in San Francisco, how much area is necessary, and not asking them to place it on either the northern waterfront or the southern waterfront.

COMMISSIONER BRIDGES: I think we ought to wait and see the study.

COMMISSIONER MORRISON: I'll move approval.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye;

noes - none.)

MR. HUNTSMAN: Item No. 10, request approval to enter into a standard agreement with Dan Devine to publish the 1978 Port Handbook. The staff recommends approval.

MR. TAORMINA: Mr. President, members of the Port Commission, the Port staff has decided this year that it is about time that we update the Ocean Shipping Handbook which we use as our basic publication for the Port. It is dated as of '75-'76.

The Port staff maritime section , particularly as it relates to marketing and Port management, have discussed a technique to use the new handbook as a marketing tool in the upcoming year, and to carry forward in a new handbook the image or the idea of the third-party endorsement, that is, in many of our ads we are having testimonials, and we hope to be able to take that same theme and carry it into a new and improved handbook.

Primarily we are interested in preparing a handbook this year that would not be dated as quickly as some of the past handbooks have been because they have dates and things in them which clearly require updating all the time, so we are looking for a handbook design that indeed we will be able to use throughout the Port through various times, and with various offshoots from it.

For instance, one of the things we have been talking about is using a technique where we would be able to make brochures out of some of the pages which would be in the handbook, highlighting some of our more specialized facilities.

This is an artist's rendering of one of those brochures that come out, so that indeed we would be getting a handbook as well as brochures which could be used again in the area of marketing and sales of our facilities.

In doing that, we have talked with Mr. Don Devine, as far as professional services that he could render in helping us put together this new Port handbook, and a copy of the agreement has been prepared by our marketing maritime public relations division and is in the backup material.

I might highlight some of the facts that are going into this handbook. First of all, the Port is hoping, through the sale of advertising, to be able to cover the entire cost of printing the handbook. Generally it is estimated somewhere around $16,000.

Mr. Devine would be paid professional services amounting to about $4,000, $2,000 coming out of this year's budget and $2,000 out of next year's budget. The printing cost for 5,000 is estimated around $10,000.

We hope to generate revenues by selling full, half, quarter and sixth page ads, which we have done previously, and to have that a higher rate. We are now discussing that with Mr. Devine and our own staff.

The Port will supply some of the basic copy and photographs, illustrations and various plans.

We feel it is essential that, in putting together a new image, marketing image of the Port, an updated handbook, brochure, newsletter, all of which are related, does go forward, so we recommend your approval of this particular

agreement.

COMMISSIONER GOLDMAN: I think that idea of not putting a date on it is excellent. I think that handbook is pretty good. I would like to compliment the staff. Some of the pictures are good enough that they could be introduced in the new ones.

I think that the idea of not putting a date on it is an essential aspect. This isn't a bad book.

I can also see that, where there is a lot more opportunity for advertising, who is going to do the selling of the advertising?

MR. TAORMINA: Mr. Devine will be responsible for selling the advertising, and the agreement does call for an incentive on his part to sell the ads, because indeed, if he could sell ads at the rate that we set, and what we determine above the cost of the book, there will be a split between Mr. Devine and the Port for revenues in excess of those needed to print the book.

We wanted to put an incentive on that, because we found previously that some of the people were not very motivated.

COMMISSIONER ROTHENBERG: Who did the last one?

MR. TAORMINA: Holman Publishers. We are not using them this year.

COMMISSIONER GOLDMAN: Move approval.

COMMISSIONER ROTHENBERG: I'll second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye;

noes - none.)

MR. HUNTSMAN: Mr. President, that concludes the agenda.

PRESIDENT RUDDEN: I have a couple of items.

Number one, I went to a meeting of the San Francisco Advisory Committee for the selection of a new Port Director. They met last Tuesday night, and stayed until 6:00 o'clock or a little after.

They have set several meeting dates during the next month and a half or two months, during which time they expect all the applications, which number some 150, will be reviewed, and hopefully they will come back with a recommendation at that time.

In the course of the meeting they took some exception to our statement of qualifications, and made a couple of changes, which we approved. I say we because Jack Morrison and I attended the meeting, and had some discussion about the verbiage they thought should be changed. We agree, and recommend that the new statement of qualifications as you have in your hands now be adopted, and that the committee be so advised.

One other item, with reference to the Port Advisory Commission, is the substitution of Mr. Evers for Mr. Tatum.

COMMISSIONER GOLDMAN: Mr. who?

PRESIDENT RUDDEN: Frank Tatum.

Mr. Evers, since we first set up this committee has joined the Mayor's staff, and he is full time, so we are replacing him.

COMMISSIONER MORRISON: I move that we accept

Mr. Frank Tatum in place of Mr. Evers.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER MORRISON: Mr. President, I have one matter.

I have noted that the very able reporter for the San Francisco Examiner, Harry Johansen, has retired. He is a friend of several of us here, and has covered our meetings on occasion, and given great service both to the Port and to the City and County of San Francisco.

I would move that the Port Director draw up a suitable resolution of thanks to Mr. Johansen for his service to the Port and to San Francisco, and present it to him.

PRESIDENT RUDDEN: I am sure the Commission would unanimously approve that.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER ROTHENBERG: Mr. President, I have one question. People keep calling up saying they want to be Port Director. I don't know where to send them.

PRESIDENT RUDDEN: Well, I think that you might, in those instances where they are interested, tell them to send in an application.

COMMISSIONER ROTHENBERG: Some of them have done that. They just want to know who to talk to about finding

out how long it might be before they might be interviewed.

PRESIDENT RUDDEN: You might say a couple of months.

COMMISSIONER BRIDGES: Can any member of the Port Commission meet like you did with the Advisory Commission?

PRESIDENT RUDDEN: Yes. We had advice of counsel on that. He was also present.

COMMISSIONER BRIDGES: We discussed this before, and I remember that there is something illegal about it.

MR. DAVID: If I may interrupt, I was talking with Mr. Bridges regarding your opinion that any two commissioners, it has to be a public meeting.

MR. LYNCH: That was a strict interpretation, based on advice I received from someone else in our office.

In the meantime, several of us, as it turns out, have discussed it, and there are no cases interpreting Section 3.500 of the Chrter which states that a meeting must be open to the public if any committee of a board or commission should meet, even though they be less than a quorum.

We feel that a committee was meant to mean a formal committee, rather than two commissioners just happening to go to another meeting, so there is nothing illegal with members of this Commission being present at a meeting of the Advisory Committee.

However, there can never be more than two commissioners as such at the Advisory Committee meeting. You can have two there, but if you have three, then the Brown Act becomes effective.

COMMISSIONER BRIDGES: How do you figure that? Get

there first, or what?

(Discussion off the record.)

PRESIDENT RUDDEN: The other meeting was public, anyhow.

MR. LYNCH: That was public anyhow, but if three commissioners were to be present, then you would also have to send out notices advising it was a special meeting of the Port Commission.

MR. BARNEY GOULD: I will just take a second.

In part through the courtesy of this Commission, the Delta King is going to be saved for San Francisco, and I would hope that every possible cooperation be given to the Chinese gentleman who, by the way, has run a very fine restaurant in Berkeley, that this can be brought into the historic ship program.

COMMISSIONER BRIDGES: I just read a paper the other day that said that somebody had been assured that the Delta King will have a berth here. I remember when we made the decision, but it was not a flat guarantee.

MR. GOULD: That is correct. It is not a guarantee at all, just that you would welcome it under the proper circumstances.

(Whereupon the meeting adjourned at 11:25 a.m.)

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